

## **PART 1**

### **INTRODUCTION AND OVERVIEW**

#### **EXECUTIVE MAYOR'S FOREWORD**

It gives me great pleasure to present this Annual Report to our communities, our partners in Government and to our various stakeholders.

This report presents an extensive overview of our various activities that were undertaken in the 2009/10 financial year. We are proud of our achievements and accomplishments in carrying out our development mandate to improve the lives of the citizens of the Cacadu District.

Notwithstanding our various efforts, there are still tremendous challenges, as evidenced by the socio-economic realities in the District. Unemployment is still very high, and a sizeable percentage of the population is dependent on social grants.

During the past financial year, the institution has invested substantially in capital projects and infrastructure in all nine local municipalities in the District. Furthermore, this report also indicates the various projects and initiatives we have embarked on in promoting economic development in our area. A substantial portion of our attention was focused on supporting local municipalities to ensure that they have the necessary capacity to perform the functions that have been entrusted to them. Our commitment to improving the services in the District Management Area is also evidenced by the tremendous investment we have made in the various settlements.

In the past year, the Cacadu District has experienced severe drought conditions. This unfortunately is a continuation of the low rainfall patterns experienced by the District in recent times. The situation in many of our municipalities was very dire, and the Cacadu District Municipality has had to invest substantially in rainwater harvesting and other capital projects to mitigate the effects of the crippling drought conditions.

Also during the year, the Premier and the Provincial Executive visited the Cacadu District. I had an opportunity to present a report to the Premier, highlighting the various problems and challenges faced in the District. The Premier has agreed to address the matters that are the competency of the Province, and to provide other assistance to the District and the local municipalities, where possible.

We have commenced with the process of provincialization of the Primary Health Care function. This process will be finalized by the end of 2010. The District Municipality rendered the Primary Health Care function as an agent of the Provincial Government, and the Provincial Government acting on a MINMEC decision, has decided that the services throughout the Province be amalgamated into their structure.

In the period of review, the District Municipality has made tremendous investment in the service, by improving clinics, purchasing vehicles and other equipment, and also appointing nurses. It is important that the Provincial Government continues to maintain the high standard that we have set ourselves in rendering the services to the communities of our area.

Despite the various strides we have made in communication, we need to continually improve our engagement and interaction with our stakeholders. This will receive ongoing attention from both my office, as well as the Office of the Speaker.

In an effort to also fully understand all matters that affect service delivery and institutional challenges at local municipalities, senior management has been assigned the responsibility to be Relationship Managers for all nine local municipalities. The members of the Mayoral Committee and the Speaker have also been assigned responsibility to continually monitor the situation at local municipalities. The reports of these engagements are submitted to our Council.

The Annual Report also indicates various initiatives to ensure a well managed and sustainable institution.

I can confidently say that we have got controls, systems and policies in place to ensure that the institution maintains a very high standard of good governance. I am once more pleased to report that we have again received an unqualified audit report for the 2009/10 financial year.

I want to acknowledge the support of the Speaker of Council, the members of the Mayoral Committee and all Councillors. I also want to thank the Municipal Manager and Management and all staff for their contribution in realizing our goals and objectives.

**M G MVOKO**  
**EXECUTIVE MAYOR**

## **OVERVIEW OF THE MUNICIPALITY**

The Cacadu District Municipality (CDM), DC10, is the largest (58 243 km<sup>2</sup>) of the six (6) District Municipalities in the Eastern Cape Province. The District is situated in the western portion of the Province, bordering the Western Cape, Northern Cape and two other District Municipalities in the Eastern Cape, namely Chris Hani District Municipality and Amathole District Municipality.

The District consists of nine (9) local municipalities (Category B Municipalities) and four other portions collectively known as the District Management Area (DMA). Two of the four areas are National Parks, namely the Addo National Elephant Park and the Tsitsikamma National Park. These parks are managed by the South African National Parks Board.

The District wholly borders the Nelson Mandela Metropolitan area, and consequently, land access to the Metropole is via the Cacadu District. The nine local municipalities in CDM and their respective towns are:

|       | <b>MUNICIPALITY</b>  | <b>MAIN SETTLEMENTS / TOWNS</b>                                               |
|-------|----------------------|-------------------------------------------------------------------------------|
| EC101 | Camdeboo             | Graaff-Reinet, Aberdeen, Nieu-Bethesda                                        |
| EC102 | Blue Crane Route     | Somerset-East, Cookhouse, Pearston                                            |
| EC103 | Ikhwezi              | Jansenville, Klipplaat, Waterford                                             |
| EC104 | Makana               | Grahamstown, Alicedale, Riebeeck-East                                         |
| EC105 | Ndlambe              | Port Alfred, Kenton-on-Sea, Bushmans River, Alexandria, Bathurst              |
| EC106 | Sundays River Valley | Kirkwood, Addo, Paterson                                                      |
| EC107 | Baviaans             | Willowmore, Steytlerville                                                     |
| EC108 | Kouga                | Jeffreys Bay, Humansdorp, Hankey, Patensie, St Francis Bay, Thornhill, Loerie |
| EC109 | Kou-Kamma            | Joubertina, Kareedouw, Louterwater, Storms River, Clarkson, Coldstream        |
| DC10  | Cacadu DMA           | Rietbron, Wolwefontein, Vondeling, Glenconner, Kleinpoort, Miller             |

Cacadu District Municipality has the largest number of Category “B” Municipalities in the country.

The map illustrates the Garden Route District Municipality, which is composed of several constituent municipalities. The municipalities shown are:

- Camdeboo** (dark brown)
- DMA Cacadu District Municipality** (light brown)
- Ikwezi** (dark green)
- The Blue-Crane Route** (yellow)
- Baviaans** (orange)
- DMA Cacadu District Municipality** (light brown)
- Sundays River Valley** (dark brown)
- Makana** (brown)
- Ndlambe** (light brown)
- Kou-Kamma** (yellow)
- Kouga** (dark green)

Surrounding areas include:

- Southern Cape Province** (top)
- Western Cape Province** (left)
- Chris Hani District Municipality** (top right)
- Amatola District Municipality** (right)
- Nelson Mandela Metropole** (bottom right)

Key towns and locations marked on the map include: Neu-Bethesda, Graaff-Reinet, Aberdeen, Rietbron, Willowmore, Steytville, Jansenville, Klipplaat, Pearston, Somerset East, Cookhouse, Bedford, Biebek-Oos, Alcedale, Grahamstown, Bathurst, Port Alfred, Kasouga, Kenton-on-Sea, Bolkes, Cannon Rocks, Alexandria, Paterson, Kirkwood, Enon, Nomathamsanga, Paterson, Patensie, Hankey, Loeie, Humansdorp, Blue Horizon Bay, Seaview, Jeffreys Bay, Paradise Beach, St. Francis Bay, Cape St. Francis, Oyster Bay, Woodlands, Storms River, Goldstream, Kouberlina, St. Andrew's, and Rietbron.

The Cacadu District constitutes less than 5,3% (census 2001 stats) of the population of the Eastern Cape Province. The district is dominated by a Karoo landmass resulting in low population densities and scattered, small inland towns. There are higher densities along the coast and in urban centers.

The survey undertaken as part of the water and sanitation backlog study varied per Local Municipality. The huge difference in Makana is attributed to the amount of informal settlements that are being established as a result of general urbanisation and farm evictions. These numbers are a particular concern as they have a direct impact on funding allocations of Government Grant Funding.

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determination of grant allocations, etc. As such the CDM has attempted to illustrate a more updated picture of socio-economic issues within the District through the projection of Census 2001 figures utilising the Global Insight database. This does not deter from the fact that population numbers are in all likelihood understated within the Cacadu District.

In 2004, the Urban Economist Group contracted to develop a district economic growth and development strategy, estimated the population to be 438 800. The average growth rate of the Cacadu District is estimated at 2%, which is higher than the Provincial and National growth rates, estimated at 1.4% and 1.3% respectively. As such government funding bodies should bear in mind the figures as illustrated in the table below when determining their respective allocations to Local Municipalities.

| Local Municipality | Main Settlements                                       | Comparable Statistics |                  |                       |
|--------------------|--------------------------------------------------------|-----------------------|------------------|-----------------------|
|                    |                                                        | Census (2001)         | LM Survey (2005) | Global Insight (2007) |
| Camdeboo           | Graaff-Reinet, Aberdeen, Nieu-Bethesda                 | 44 366                | 51 601           | 44 352                |
| Blue Crane         | Somerset East, Cookhouse, Pearston                     | 36 384                | 36 798           | 36 107                |
| Ikwezi             | Jansenville, Klipplaat, Waterford                      | 10 366                | 9 144            | 10 423                |
| Makana             | Grahamstown, Alicedale, Riebeeck-East                  | 74 527                | 140 120          | 74 561                |
| Ndlambe            | Port Alfred, Kenton-on-Sea, Bushmans River, Alexandria | 55 471                | 58 927           | 64 671                |
| SRV                | Kirkwood, Addo, Paterson                               | 41 464                | 61 003           | 37 384                |
| Baviaans           | Willowmore, Steytlerville                              | 15 338                | 16 522           | 15 686                |
| Kouga              | Jeffreys Bay, Humansdorp, Hankey, Patensie, St Francis | 70 482                | 88 254           | 80 459                |
| Koukamma           | Joubertina, Kareedouw, Louterwater                     | 34 289                | 45 464           | 40 674                |
| ECDMA 10           | Rietbron, Wolwefontein, Vondeling, Glenconner          | 6 531                 | 2 192            | 8 638                 |
| <b>TOTAL</b>       |                                                        | <b>389 296</b>        | <b>510 025</b>   | <b>412 956</b>        |

The population in the Cacadu District is concentrated in Makana, Kouga and Ndlambe, with more than 50% of residents in the District residing in these Municipalities. The remaining Municipalities all have less than 50 000 inhabitants per Municipality.

Unemployment in the Cacadu District is estimated at 52 036 (20.5%), as per census 2001 figures. Between 1996 and 2001, employment increased slightly by (2 490) whilst the number of the unemployed increased significantly (6 047). Slow job growth and the increase in the number of job-seekers will lead to a decline in the ability of residents to pay for services and a proportional increase in the need for indigent support and subsidies.

Due to its rural nature the largest proportion of the population in the Cacadu District is employed in the Agriculture sector. There has also been a significant growth in the Tourism sector with resultant employment opportunities.

In the DMA, the majority of the population are farm workers who are seasonally employed. This group of people is mobile and will seasonally migrate in pursuit of work opportunities as far as the Western and Northern Cape.

## **MAJOR EVENTS AND ISSUES WHICH AFFECTED THE WORKING ENVIRONMENT DURING THE YEAR**

- FIFA World Cup 2010
- Provincial Executive Committee Outreach to Cacadu District
- LEDI Initiative embarked on in partnership with Development Bank of SA
- Financial Sustainability Assessment carried out and decisions taken to reduce and monitor expenditure towards improving sustainability of the organization
- Drought conditions prevailing throughout the District
- Commencement of process towards provincialisation of Primary Health Care Service
- COGTA instructed all municipalities to prepare Turn Around Strategies
- National strike action embarked upon by SAMWU members from 12 - 21 April 2010

## **EXECUTIVE SUMMARY**

The National Treasury guidelines require the performance of a municipality to be reported in functional areas. This Annual Report has been compiled in accordance with such guidelines. An overview of each functional area, together with a description of the activity is presented. In addition, the strategic objectives of each function, as well as priorities and progress on such priorities is highlighted. The Cacadu District Municipality's development priorities are infrastructure investment; capacity building and support to local municipalities; promoting economic development in the District, as well as the provision of community services. Hence, this executive summary will be focusing primarily on these matters.

The 9 local municipalities in the District are responsible for infrastructure services as these functions have been adjusted to them. The District Municipality however is responsible for all services that are required in the District Management Area. In the period under review, the District Municipality invested substantial sums to upgrade the infrastructure to improve the quality of services in these areas. District Management Areas will be dis-established at the next Local Government elections, and these areas will be incorporated as part of local municipalities. All local municipalities are Water Services Authorities and water service providers. However, notwithstanding this fact, the District Municipality has invested substantially to improving the infrastructure of the local municipalities. These investments have been focused largely on water and sanitation projects. In the period of review, the District has experienced severe drought conditions, to the extent that a state of disaster was declared. The District Municipality continued with a rainwater harvesting project in Pearston. Substantial assistance was rendered to Sundays River Valley and Ndlambe Municipalities, whose areas were the worst affected by drought conditions.

The District Municipality is not a housing authority, and no new projects were embarked on. However, it needs to finalize transfers to beneficiaries of projects that were embarked on in prior years. Progress on this has been very slow.

The major focus has been to finance and project-manage local municipalities' planning and feasibility studies, as well as Electricity Master Plans; urban design initiatives and as built drawings. The District Municipality also assisted municipalities on town planning projects and maintenance backlog assessments.

The District embarked on strategic planning initiatives for the region at large. These include the road hierarchy project, as well as providing assistance on integrated development plans and spatial planning.

The Cacadu District Municipality is currently investigating a shared services model on water services with certain municipalities. This process is anticipated to be finalized once there is consensus by the local municipalities. As part of its contribution towards the World Cup 2010 legacy projects, several sports grounds were upgraded. Due to the lack of capacity in technical services at local municipalities, the District Municipality continues to provide support to them in these areas.

In other areas of capacity building and support to local municipalities, the District Municipality embarked on several initiatives. These include Supply Chain; support of Audit Committees; facilitating the appointment of Internal Auditors; Communication policies and guidelines, and

assistance towards Financial Statements compliance. In addition, most of the municipalities were assisted in Performance Management. Substantial investment has been made in setting up systems as well as providing training for them.

All local municipalities were assisted in compiling their Rules and Orders, as required by the Municipal Systems Act. This project is ongoing and will be concluded in the new financial year. Furthermore, all local municipalities were assisted to compile their HIV and AIDS Plans. Four municipalities were assisted to compile plans for the Disabled, Youth Development and Women Empowerment.

In the area of Disaster Management, local municipalities received extensive assistance from the District Municipality. A comprehensive Disaster Risk Assessment for the entire District was undertaken and finalized. Draft Disaster Management Plans for six municipalities were developed. Cross-boundary agreements were entered into with adjoining District Municipalities. Furthermore, extensive training and awareness campaigns were conducted. In the area of fire services, the District Municipality also provided substantial support to local municipalities. This included the purchase of fire tenders, specialized equipment and vehicles. The District Municipality also invested in training of fire officers of all local municipalities, as well as commencing with the standardization of fire hydrants across the District. A Section 78 Assessment was undertaken, and the various options to render the service are under consideration.

In the area of Economic Development, the District Municipality embarked on various initiatives in the District Management Area. Whilst there has been success in some areas, particularly the Vondeling and Rietbron craft projects, progress in other projects and programmes is still very protracted. Where funding has been received from the Provincial Government for projects in local municipality areas, these funds were channeled to the local municipalities to implement the projects. The District Municipality however serves on the Steering Committees that oversee such projects. The District Municipality also provides substantial financial support to the Kouga Development Agency. One of the concerns though is the slow progress in getting the envisaged development off the ground. The various risks are being assessed continually, and the District Municipality, in partnership with the Provincial Government and Kouga Municipality, will soon decide on the future of the Agency.

The District Municipality also finances SEDA to provide support to small business in the District, as well as entering into partnerships with other agencies to provide support to local municipalities and for business initiatives. The District Municipality, through European Union funding, has invested substantially in capacity building of local municipality Councillors and officials, in the area of economic development.

A key initiative that has been embarked on is the partnership with the Development Bank of Southern Africa. Funding has been received from the Development Bank to not only build the capacity of the District Municipality in the area of economic development, but also to embark on catalytic projects as well as identifying and unlocking the economic potential in key sectors. Several of these initiatives have commenced and the District Municipality is very positive about the outcomes. A strategic partnership has been entered into with a German development agency (DED) to provide an agriculture expert. One of the successes of this initiative is an extensive mentoring programme for co-operatives across the District. The District Municipality continued to invest in general tourism marketing, as well as destination marketing. The District Municipality has



set up a website where all product owners can advertise and market themselves. This service is provided free of charge. One of the most successful initiatives has been the launch of the Seven Wonders campaign, for which the District Municipality has received wide acclaim. The Tourism Master Plan of the District, as well as those of the local municipalities were reviewed, and assistance was provided to the municipalities for tourism development. In addition, the District Municipality supported campaigns and festivals in line with its policy.

The District Municipality was appointed many years ago by the Province as its agent to render the Primary Health Care service. This service is rendered predominantly in the smaller towns and the rural parts of the District. The service is rendered at 25 fixed clinics (clinics that operate 5 days per week), at clinics that operate on certain days of the week, as well as from 27 mobile clinics. Each mobile clinic traverses multiple and different routes per week to ensure that even the remotest location of the District receives the service. A full range of services is rendered at each point. These include maternal and child healthcare services; services to combat and control communicable diseases, including tuberculosis; the provision of curative services to combat non-communicable diseases; the provision of essential medicines, as well as geriatric health services. The service has been extended to include HIV and AIDS awareness programmes, including counselling and testing at each service point.

It is pleasing to note that the Provincial Government did make a sizeable contribution of R38,5 million (up from the R26,0 million of the previous financial year) towards the service.

In the period of review, several clinics were upgraded and renovations commenced at other clinics. Furthermore, the District Municipality was able to fill additional posts at the various service points.

The Council, as part of its contribution towards the service, purchased several mobile clinics to upgrade the fleet. This has resulted in the frequency of the mobile routes being improved. In the previous Annual Report, the possibility of provincialization of the service was highlighted. The process of provincialization commenced in earnest, and is anticipated to be concluded by the end of December 2010. This effectively means the termination of the Agency Agreement. All staff in future will now report directly to the Provincial Department of Health.

Environmental Health is the responsibility of the District Municipality. In line with its business model of service provision as close as possible to the communities, the District Municipality appointed 6 local municipalities to be its agent in rendering the service. Municipalities are remunerated at R18,50 per capita. Additionally, the District Municipality purchased capital equipment for lesser capacitated municipalities. The District Municipality continues to render the service in Ikwezi, Baviaans, Koukamma (where the agency agreement with the local municipality was terminated), as well as the District Management Area. Unfortunately, the anticipated conclusion of the Section 78 Assessment of the service was not finalized. This will be concluded in the new financial year.

The District Municipality emphasized water quality testing as a key priority. Water testing was done on a monthly basis. However, where failures occur, local municipalities are required to increase the frequency of testing and re-sampling must be done within 7 days. Testing is to be done until the situation is at acceptable standards. Whilst there have been failures in some local municipalities, it is pleasing to note that there has been no outbreak of water-borne diseases.

In an effort to improve education and information accessibility, the District Municipality recognized the importance of the provision of computer services at all libraries in the District. Connectivity was provided at a further 10 libraries (in addition to the 14 done in the previous financial year).

Community members, young and old, now have free access to email and internet, as well as educational software. Additional modules were added and other modules enhanced in the period of review. These modules assist users with career choices, business information, life skills, as well as educational material for all school grades. The District Municipality will continue with this programme (Connect with Cacadu) in the new financial year.

During the year, an HIV and AIDS Policy and Plan was adopted. In terms of implementation, the focus has been mainly in the areas of awareness and education. After an extensive period of consultation and engagement with relevant stakeholders, the Implementation Plans for Disabled, Women Empowerment and Youth Development were adopted.

The Speaker of Council has been at the forefront of the Moral Regeneration Movement and has set up structures in all local municipalities to create awareness among communities and to promote improved moral values and behaviour. The Speaker of Council has also been extensively involved in engagements with and outreaches to communities in the District, consultation with key stakeholders, such as the farmers, as well as championing and promoting proper governance in local municipalities. The Council also adopted its new Standing Rules and Orders during the year. The Council has an Anti-Corruption and Fraud Prevention Plan, and I am pleased to report that there have been no negative reports in this regard.

The District Municipality fully invested in its staff and extensive training has been embarked on in the past year, in line with the Workplace Skills Plan. With regards to Employment Equity, the District Municipality performed very well in that at least 75% of the staff are females and historically disadvantaged persons make up 80% of the staff component, which stood at 238 at the end of June 2010.

## **FINANCIAL PERFORMANCE**

The Council incurred a deficit of R11,6 million in the 2009/10 financial year. Income for the year amounted to R317,7 million, whilst expenditure stood at R329,3 million. The higher than anticipated expenditure was necessitated by allocating more funds to finance existing and new projects. Notwithstanding this situation, the Council's finances are still in a very healthy state.

The income for the year (R317,7 million) represents a R62,8 million increase over the previous financial year. Due to the nature of its functions, the Council does not have its own revenue stream and is dependent entirely on grant funding. Hence, for the financial year, the Council received an amount of R63,6 million from the National Treasury as equitable share and levy replacement grant. Furthermore, the Council received an amount of R35,9 million from the Provincial Department of Health to render the Primary Health Care function. In addition, the Council made a contribution of R30,8 million from interest earnings. The remainder of the funds emanate mainly from conditional grants.

The expenditure for the year, including the primary health care function, amounted to R329,3 million. This represents an increase of R101,7 million over the previous financial year. The major

portion of the funds was expended on projects in the District. All these investments in local municipality areas are capitalized as assets of the local municipalities.

The unappropriated surplus presently stands at R188,7 million.

A strategy adopted by the institution is to maintain its reserves at an acceptable level, and utilize interest earnings from investments to finance project expenditure. However, regular contributions from the reserves as well as declining and low interest rates will place tremendous pressure on the institution. Council will have to make hard choices for the future and will probably have to curtail financing capital projects. Alternatively, it will have to source or leverage additional conditional grants to finance projects.

The Council is compliant on all MFMA requirements and has a solid system of internal controls. The Internal Audit function has been outsourced, and this strategy serves the Council very well in that the outsourced company is able to continually provide competent audit staff in the various disciplines required to perform its functions.

Risk Management continues to receive regular attention and risks are assessed regularly, and strategies are formulated to mitigate such risks, where appropriate.

It is gratifying for the Council to again receive an unqualified audit report for the 2009/10 financial year. This is a tremendous achievement, in spite of the many challenges of the new accounting standards that must be implemented.

### **APPRECIATION**

I must express my sincere appreciation to the Council, the Executive Mayor and the Mayoral Committee for their support and guidance throughout the year. The results that have been achieved are as a result of a solid team effort, and I am grateful for the support of the Management Team and the staff in realizing our accomplishments.

**D M PILLAY**  
**MUNICIPAL MANAGER**

## **PART 2**

### **KPA ACHIEVEMENT REPORTS**

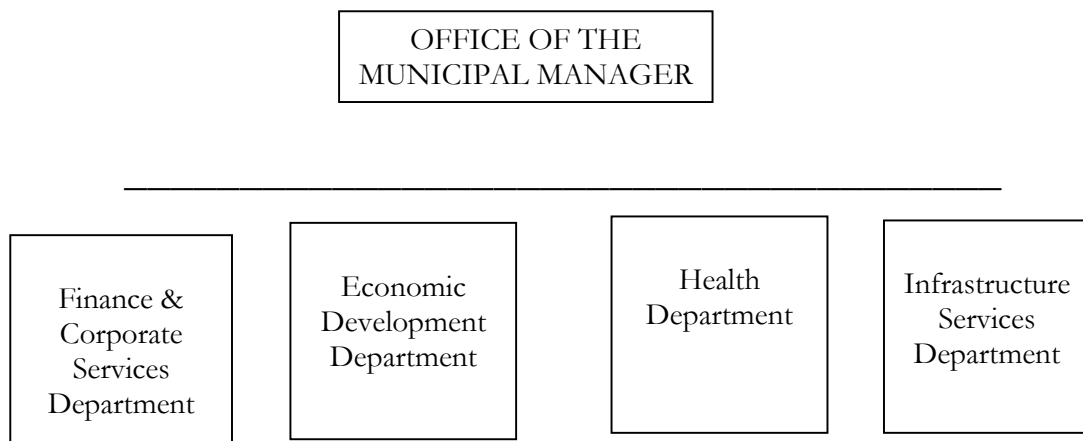
#### **CHAPTER 1 : ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT (KPA 1)**

##### **PRESENTATION OF THE ORGANISATIONAL STRUCTURE**

The total number of approved posts of the Cacadu District Municipality is 318. The number of appointed staff including councilors is 238. The total number of vacant posts is 80. The Macro Organisational Structure is attached as an Annexure to the Annual report - see Page 180.

All five performance agreements and employment contracts (Municipal Manager and four section 57 managers) were submitted to the Department of Local Government and Traditional Affairs within the prescribed time.

##### **ADMINISTRATIVE STRUCTURE**



##### **MUNICIPAL MANAGER**

Mr D M (Ted) Pillay

##### **DIRECTOR : FINANCE AND CORPORATE SERVICES**

Mr D de Lange

##### **DIRECTOR : INFRASTRUCTURE SERVICES**

Mr L Nama

##### **DIRECTOR : ECONOMIC DEVELOPMENT**

Ms M Mama

##### **DIRECTOR : HEALTH SERVICES**

Mrs X Sandi

**GRADING OF LOCAL AUTHORITY**

Grade 9

**STAFF DEVELOPMENT INITIATIVES DURING THE FINANCIAL YEAR****TRAINING COURSES ATTENDED BY OFFICIALS AND COUNCILORS**

| NO | QUALIFICATION                                     | TOTAL NUMBER BENEFITED    |
|----|---------------------------------------------------|---------------------------|
| 1  | Finance For Finance Managers                      | 11                        |
| 2  | Accounting For Assets                             | 2                         |
| 3  | Call Centre Operations                            | 10                        |
| 4  | GRAP / GRAMAP                                     | 3                         |
| 5  | State Protocol                                    | 25                        |
| 6  | First Aid Level 1                                 | 11                        |
| 7  | Project Management                                | 6                         |
| 8  | Leadership And Management                         | 5                         |
| 9  | Auditing                                          | 27                        |
| 10 | Defensive Driving                                 | 4                         |
| 11 | Skill Development Facilitation                    | 10 [ Including SDF OF LM] |
| 12 | Disaster Management                               | 3                         |
| 13 | Personal Assistance/ Administrative Course        | 6                         |
| 14 | Contract And Law For Engineering And Construction | 7                         |
| 15 | Community Development Facilitation                | 13                        |
| 16 | Supply Chain Management                           | 15 [Including LM'S]       |
| 17 | PMS – KPI Development                             | 50                        |
| 18 | Basic Principles Of Public Relations              | 1                         |
| 19 | Computer Programmes                               | 16                        |
| 20 | Managing Disabled                                 | 1                         |

**STUDY ASSISTANCE AND COUNCIL INITIATED EMPLOYEE DEVELOPMENT**

| NO | QUALIFICATION                                              | TOTAL NUMBER BENEFITED |
|----|------------------------------------------------------------|------------------------|
| 1  | Diploma in Management                                      | 1                      |
| 2  | B. Comm. TOURISM                                           | 1                      |
| 3  | BSc Hons - Geography                                       | 1                      |
| 4  | Diploma – Public Management                                | 1                      |
| 5  | Certificate in Public Management and Development [CPMD]    | 1                      |
| 6  | Municipal Finance Management Development Programme [MFMDP] | 1                      |
| 7  | Certificate in Local Government Law and Administration     | 2                      |

### LEARNERSHIPS FOR UNEMPLOYED YOUTH CO-ORDINATED BY CDM

| NO | MUNICIPALITY                | QUALIFICATION /<br>LEARNERSHIP | WEIGHT | TOTAL<br>NUMBER<br>BENEFITED |
|----|-----------------------------|--------------------------------|--------|------------------------------|
| 1  | <b>BLUE CRANE ROUTE</b>     | New Venture Creation NQF 4     | NQF 4  | 22                           |
|    |                             | Waste Water Reticulation       | NQF 3  | 8                            |
| 2  | <b>SUNDAYS RIVER VALLEY</b> | Waste Water Reticulation       | NQF 3  | 20                           |
| 3  | <b>NDLAMBE</b>              | Waste Water Reticulation       | NQF 3  | 28                           |
|    |                             | Mixed Farming                  | NQF 2  | 19                           |
|    |                             | Environmental Practices        | NQF 4  | 11                           |
| 4  | <b>MAKANA</b>               | Waste Water Reticulation       | NQF 3  | 48                           |
|    |                             | Environmental Practices        | NQF 4  | 20                           |
| 5  | <b>IKWEZI</b>               | Animal Production              | NQF 1  | 23                           |
| 6  | <b>KOUKAMMA</b>             | Road Construction              | NQF 3  | 7                            |
|    |                             | Waste Water Reticulation       | NQF 3  | 22                           |
| 7  |                             | Environmental Practices        | NQF 4  | 23                           |

### WORKPLACE SKILLS PLAN

A Workplace Skills Plan for 2009/2010 was adopted and implemented.

### KEY HR STATISTICS PER FUNCTIONAL AREA

Full time staff complement per functional area

#### **Section 57 and MM**

|   | Approved positions                                | Number of<br>approved posts<br>per position | Filled posts | Vacant posts |
|---|---------------------------------------------------|---------------------------------------------|--------------|--------------|
| 1 | Municipal Manager                                 | 1                                           | 1            | None         |
| 2 | Director: Finance and<br>Corporate Services       | 1                                           | 1            | None         |
| 3 | Director: Economic<br>Development                 | 1                                           | 1            | None         |
| 4 | Director: Infrastructure<br>Services and Planning | 1                                           | 1            | None         |
| 5 | Director : Health Services                        | 1                                           | 1            | None         |
|   | <b>Total</b>                                      | <b>5</b>                                    | <b>5</b>     | None         |

### Office of the Municipal Manager

|   | Approved positions          | Number of approved posts per position | Filled posts | Vacant posts |
|---|-----------------------------|---------------------------------------|--------------|--------------|
| 1 | Manager : Capacity Building | 1                                     | 1            | None         |
| 2 | Senior PMS Officer          | 1                                     | 1            | None         |
| 3 | Senior Admin Officer        | 2                                     | 2            | None         |
| 4 | Special Programmes Officer  | 1                                     | 0            | 1            |
| 5 | HIV and Aids Co-ordinator   | 1                                     | 1            | None         |
| 6 | Personal Assistant          | 3                                     | 3            | None         |
|   | <b>Total</b>                | 9                                     | 8            | 1            |

### Water and Sanitation

|   | Approved positions            | Number of approved posts per position | Filled posts | Vacant posts |
|---|-------------------------------|---------------------------------------|--------------|--------------|
| 1 | Manager: Water and Sanitation | 1                                     | 1            | None         |
| 2 | Technician                    | 2                                     | 1            | 1            |
|   | <b>Total</b>                  | 3                                     | 2            | 1            |

**Electricity - CDM does not provide electricity. Electricity in the District is provided by local municipalities and Eskom.**

### Health

|   | Approved positions                      | Number of approved posts per position | Filled posts | Vacant posts |
|---|-----------------------------------------|---------------------------------------|--------------|--------------|
| 1 | Manager:Primary Health Care Services    | 1                                     | 1            | None         |
| 2 | <b><u>Head Office Admin Support</u></b> |                                       |              |              |
|   | CPN : Administration                    | 1                                     | 1            | None         |
|   | Personal Assistant                      | 1                                     | 1            | None         |
|   | Typist Clerks                           | 2                                     | 2            | None         |
|   | Clerks                                  | 2                                     | 2            | None         |
| 3 | Chief Professional Nurses               | 3                                     | 3            | None         |
| 4 | Senior Professional Nurses              | 10                                    | 8            | 2            |
| 5 | Professional Nurses                     | 94                                    | 57           | 37           |
| 6 | Enrolled and ENA                        | 10                                    | 8            | 2            |
| 7 | Lower Level Category                    | 82                                    | 56           | 26           |
| 8 | <b>Total</b>                            | 206                                   | 139          | 67           |

**Housing**

|   | Approved positions   | Number of approved posts per position | Filled posts | Vacant posts |
|---|----------------------|---------------------------------------|--------------|--------------|
| 1 | Housing Co-ordinator | 1                                     | 1            | None         |

**Transport**

|   | Approved positions           | Number of approved posts per position | Filled posts | Vacant posts |
|---|------------------------------|---------------------------------------|--------------|--------------|
| 1 | Manager: Roads and Transport | 1                                     | 1            | None         |
| 2 | Technician                   | 1                                     | 0            | 1            |
|   | <b>Total</b>                 | <b>2</b>                              | <b>1</b>     | <b>1</b>     |

**Finance**

|    | Approved positions             | Number of approved posts per position | Filled posts | Vacant posts |
|----|--------------------------------|---------------------------------------|--------------|--------------|
| 1  | Manager: Finance               | 1                                     | 1            | None         |
| 2  | Senior Accountants             | 3                                     | 2            | 1            |
| 3  | Accountant                     | 1                                     | 1            | None         |
| 4  | Assistant Accountant           | 1                                     | 1            | None         |
| 5  | Senior Buyer                   | 1                                     | 1            | None         |
| 6  | Finance Senior Clerk           | 1                                     | 1            | None         |
| 7  | Debtors Clerk                  | 1                                     | 1            | None         |
| 8  | Creditors Clerk                | 2                                     | 1            | 1            |
| 9  | Fleet / Asset Management Clerk | 1                                     | 1            | None         |
| 10 | Finance Archives Clerk         | 1                                     | 1            | None         |
| 11 | Finance Clerks                 | 2                                     | 0            | 2            |
| 12 | Personal Assistant             | 1                                     | 1            | None         |
| 14 | <b>Total</b>                   | <b>16</b>                             | <b>12</b>    | <b>4</b>     |

**Corporate Services**

|   | Approved positions             | Number of approved posts per position | Filled posts | Vacant posts |
|---|--------------------------------|---------------------------------------|--------------|--------------|
| 1 | Manager: Corporate Services    | 1                                     | 1            | None         |
| 2 | Legal Officer                  | 1                                     | 1            | None         |
| 3 | Senior Human Resources Officer | 1                                     | 1            | None         |
| 4 | Skills Development Facilitator | 1                                     | 1            | None         |
| 5 | Human Resources                | 1                                     | 1            | None         |



|    |                                           |           |           |          |
|----|-------------------------------------------|-----------|-----------|----------|
|    | Administrator                             |           |           |          |
| 6  | Public Relations Officer                  | 1         | 1         | None     |
| 7  | Senior Administrative Officer             | 1         | 1         | None     |
| 8  | Administration Officers                   | 3         | 3         | None     |
| 9  | Senior Archives Clerk                     | 1         | 1         | None     |
| 10 | Archives Clerks                           | 3         | 3         | None     |
| 11 | Print Room Operator                       | 1         | 1         | None     |
| 12 | Switchboard Operator                      | 1         | 1(Temp)   | None     |
| 13 | Messenger                                 | 1         | 1         | None     |
| 14 | General Workers [Tea Services]            | 3         | 3         | None     |
| 15 | District Management Area: Manager         | 1         | 1         | None     |
| 16 | Assistant administration and Librarian    | 1         | 1         | None     |
| 17 | General Workers [Cleaning and sanitation] | 8         | 5         | 3        |
| 18 | Typist Clerk                              | 1         | 0         | 1        |
|    | <b>Total</b>                              | <b>31</b> | <b>27</b> | <b>4</b> |

### Economic Development

|   | Approved positions (Ex: Managers/Asst. Managers) | Number of approved posts per position | Filled posts | Vacant posts |
|---|--------------------------------------------------|---------------------------------------|--------------|--------------|
| 1 | Manager: Tourism and Marketing                   | 1                                     | 1            | None         |
| 2 | Manager: Local Economic Development              | 1                                     | 1            | None         |
| 3 | Manager: Trade and Investment                    | 1                                     | 0            | 1            |
| 4 | Administration Officer                           | 1                                     | 1            | None         |
| 5 | Personal Assistant                               | 1                                     | 1            | None         |
| 6 | Tourism Officer                                  | 1                                     | 1            | None         |
|   | <b>Total</b>                                     | <b>6</b>                              | <b>5</b>     | <b>1</b>     |

### Planning Unit

|   | Approved positions   | Number of approved posts per position | Filled posts | Vacant posts |
|---|----------------------|---------------------------------------|--------------|--------------|
| 1 | Head : Planning Unit | 1                                     | 1            | None         |
| 2 | Development Planner  | 2                                     | 2            | None         |
| 3 | GIS Specialist       | 1                                     | 1            | None         |
| 4 | Town Planner         | 1                                     | 0            | 1            |
|   | <b>Total</b>         | <b>5</b>                              | <b>4</b>     | <b>1</b>     |

**Project Management**

|   | Approved positions | Number of approved posts per position | Filled posts | Vacant posts |
|---|--------------------|---------------------------------------|--------------|--------------|
| 1 | Project Manager    | 1                                     | 1            | None         |
| 2 | Senior Technician  | 2                                     | 1            | 1            |
| 3 | Building Inspector | 1                                     | 1            | None         |
|   | <b>Total</b>       | 4                                     | 3            | 1            |

**Infrastructure Admin Support**

|   | Approved positions | Number of approved posts per position | Filled posts | Vacant posts |
|---|--------------------|---------------------------------------|--------------|--------------|
| 1 | Personal Assistant | 1                                     | 1            | None         |
| 2 | Senior Clerk       | 1                                     | 1            | None         |
| 3 | Typist             | 2                                     | 2            | None         |
|   | <b>Total</b>       | 4                                     | 4            | None         |

**Municipal Health**

|   | Approved positions           | Number of approved posts per position | Filled posts | Vacant posts |
|---|------------------------------|---------------------------------------|--------------|--------------|
| 1 | Manager                      | 1                                     | 1            | None         |
| 2 | Environmental Health Officer | 2                                     | 2            | None         |
|   | <b>Total</b>                 | 3                                     | 3            | None         |

**Disaster Management and Fire Service**

|   | Approved positions                    | Number of approved posts per position | Filled posts | Vacant posts |
|---|---------------------------------------|---------------------------------------|--------------|--------------|
| 1 | Head : Disaster Management            | 1                                     | 1            | None         |
| 2 | Manager : Operations                  | 1                                     | 1            | None         |
| 3 | Manager : Communications and Training | 1                                     | 1            | None         |
| 4 | Satellite Officers                    | 4                                     | 3            | 1            |
| 5 | Control room operators                | 4                                     | 4            | None         |
| 6 | Fire Officer                          | 1                                     | 1            | None         |
| 7 | Reservists                            | 7                                     | 7            | None         |
|   | <b>Total</b>                          | 19                                    | 18           | 1            |

### TECHNICAL STAFF REGISTERED WITH PROFESSIONAL BODIES

| Technical Service | Total number of technical service managers | Total number registered in the accredited professional body | Total number pending registration confirmation in the accredited professional body | Total number not yet registered in the accredited professional body |
|-------------------|--------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| 1                 | 3                                          | 2                                                           | None                                                                               | 1                                                                   |

### LEVEL OF EDUCATION AND SKILLS

| Total number of staff | Number of staff without Grade 12 | Number of staff with Senior Certificate only | Number of staff with Tertiary/accredited professional training |
|-----------------------|----------------------------------|----------------------------------------------|----------------------------------------------------------------|
| 238                   | 33                               | 69                                           | 172                                                            |

### TRENDS ON TOTAL PERSONNEL EXPENDITURE

| Years     | Total number of staff | Total approved Budget | Personal expenditure (salary and salary related) | Percentage of expenditure |
|-----------|-----------------------|-----------------------|--------------------------------------------------|---------------------------|
| 2006-2007 | 241                   | R390 340 441          | R24 799 959                                      | 6.35%                     |
| 2007-2008 | 243                   | R357 338 133          | R24 331 377                                      | 6.81%                     |
| 2008-2009 | 233                   | R305 068 529          | R45 740 402                                      | 15%                       |
| 2009-2010 | 240                   | R444 531 051          | R56 376 670                                      | 12.7%                     |

### LIST OF PENSION AND MEDICAL AIDS TO WHICH EMPLOYEES BELONG

| Names of pension fund      | Number of members | Names of medical Aids | Number of members |
|----------------------------|-------------------|-----------------------|-------------------|
| Cape Joint Retirement Fund | 156               | Bonitas               | 58                |
| Cape Joint Provident Fund  | 5                 | L.A. Health           | 51                |
|                            |                   | Hosmed                | 31                |
|                            |                   | SAMWU Med             | 21                |
|                            |                   | Key Health            | 9                 |

**SENIOR OFFICIALS' WAGES AND BENEFITS - this information is contained in the Annual Financial Statements**

## IMPLEMENTATION OF THE PERFORMANCE MANAGEMENT SYSTEM

The Performance Management System (PMS) has been implemented and cascaded to all levels of staff in the organization. Performance assessments and reviews are held quarterly. The system was automated in March 2009.

## ANNUAL PERFORMANCE AS PER KEY PERFORMANCE INDICATORS IN MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

|    | Indicator name                                                                                                                         | Total number of people (planned for) during the year under review | Achievement level during the year under review | Achievement percentage during the year |
|----|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------|----------------------------------------|
| 1  | Vacancy rate for all approved and budgeted posts;                                                                                      | 100%                                                              | 80%                                            | 80%                                    |
| 2  | Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)                                           | 100%                                                              | 100%                                           | 100%                                   |
| 3  | Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY | 100%                                                              | 50%                                            | 50%                                    |
| 4  | Percentage of Managers in Technical Services with a professional qualification                                                         | 100%                                                              | 100%                                           | 100%                                   |
| 5  | Percentage of municipalities within the district area that have a fully functional Performance Management System (DM only)             | 100%                                                              | 100%                                           | 100%                                   |
| 8  | Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term                  | 100%                                                              | 80%                                            | 80%                                    |
| 9  | Percentage of councillors who attended skills development training within the current 5 year term                                      | 100%                                                              | 80%                                            | 80%                                    |
| 10 | Percentage of staff complement with disability                                                                                         | The National Employment Equity requirement is 5%                  | 2%                                             | 2%                                     |

|    |                                                     |  |     |     |
|----|-----------------------------------------------------|--|-----|-----|
| 11 | Percentage of female employees                      |  | 78% | 78% |
| 12 | Percentage of employees that are aged 35 or younger |  | 67% | 67% |

## **MAJOR CHALLENGES AND REMEDIAL ACTIONS IN REGARD TO HUMAN RESOURCE AND ORGANIZATIONAL MANAGEMENT**

- National SAMWU strike to demand release of 2006 Job Evaluation results
- Internal "Wildcat" protest where employees demanded the results of the internal job evaluation process
- Delays in finalizing reviews of H R policies due to labour requesting extended time to interrogate content with their constituencies.
- Staff issues relating to provincialisation of Primary Health Care Service.

The outcome of the strike was a collective agreement which resulted in the categorization of municipalities and establishment of wage curves. This implementation of the 2006 Job Evaluation resulted in cancellation of the internal job evaluation process.

## **CHAPTER 2: BASIC SERVICE DELIVERY PERFORMANCE HIGHLIGHTS (KPA 2)**

### **WATER SERVICES**

#### **Water services delivery strategy and main role-players:**

Includes the co-ordination of water services development planning for the entire District, Development of Water Sources, Augmentation of Bulk Water Supply, lobbying for funding and water reticulation infrastructure projects in the District Management Area (DMA). Local Municipalities are the Water Services Authorities and Water Service Providers in the District.

The function is administered by the Department: Infrastructure Services & Planning and includes:

- Development Planning Co-ordination
- Assist local municipalities in developing the required Water Service Authority and Water Services Provider capacity.
- Initiate and champion the process of investigating a shared-services model for the Karoo municipalities.
- Water supply services in the DMA.

#### **Strategic objective**

To capacitate local municipalities in the District to provide every household within the District with access to at least a basic level of service and strive to provide an appropriate level of service.

#### **Key issues for 2009/2010**

- Completion of the Maintenance Backlog Assessment for the Blue Crane Route Municipality.
- Augmentation of Bulk Water Supply in Rietbron, Glenconner & Kleinpoort.
- Assistance to Sundays River Municipality with water provision to Paterson.
- Rainwater harvesting in Pearston (BCRM).
- Assistance to Local Municipalities with pre-planning and feasibility studies on their projects.

#### **Levels and standards in water services:**

The planning and co-ordination is done by 1 Engineer. The water supply services in the DMA are administered by 1 DMA Manager, 1 Operator and 4 Workers who are also involved in the provision of other municipal services such as roads and streets, refuse removal etc. in the DMA.

#### **Grants Received:**

DWA: R4,8m  
MIG: R6,2m

The bulk of the funding was used for rainwater harvesting in Pearston and augmentation of bulk water supply to Rietbron, Glenconner & Kleinpoort. The rest of the funds were used for assisting local municipalities with pre-planning and feasibility studies on their MIG projects.

#### **Annual performance as per key performance indicators in water services**

| No | Indicator name                                                            | Total number of households/customers expected to benefit | Previous years achievement level |
|----|---------------------------------------------------------------------------|----------------------------------------------------------|----------------------------------|
| 1  | Percentage of households with access to potable water                     | 100%                                                     | 100%                             |
| 2  | Percentage of indigent households with access to basic free potable water | 100%                                                     | 100%                             |
| 3  | Percentage of clinics with access to potable water                        | 100%                                                     | 100%                             |
| 4  | Percentage of schools with access to potable water                        | 100%                                                     | 100%                             |
| 5  | Percentage of households using buckets                                    | 0%                                                       | 0%                               |

Number of households reached: 412 (Rietbron and all Railway Settlements)

#### **Major challenges in water services and remedial actions**

Major challenges are the drought condition in the Cacadu District over the past few years, and aging and dilapidated infrastructure in local municipalities.

### **ELECTRICITY SERVICES**

#### **Electricity services delivery strategy and main role-players**

The Cacadu District Municipality is only responsible for energy supply to the DMA. Eskom is the service provider.

#### **Level and standards in electricity services**

The settlement of Rietbron is fully serviced. There is no electricity provided to the railway settlements.

## **SANITATION**

### **Sanitation services delivery strategy and main role-players**

Includes all activities related to sanitation services for the District. The sanitation function of the municipality is administered by the Department: Infrastructure Services and includes development planning and provision of sanitation services in the District Management Area.

The Strategic Objective of this function is to capacitate local municipalities to provide every household with a basic level of service.

### **Level and standards in sanitation services**

Number of all personnel associated with the sanitation function: 1 Engineer

The sanitation services in the DMA are administered by a 1 DMA Manager, 1 Operator and 4 Workers, who are also involved in the provision of other municipal services such as roads and streets, refuse removal etc.

In the entire District, 51% of households have a full waterborne sanitation system.

**Grants received: None**

### **Annual performance as per key performance indicators in sanitation services**

| No | Indicator name                                                                  | Total number of household/customer expected to benefit | Previous years achievement level |
|----|---------------------------------------------------------------------------------|--------------------------------------------------------|----------------------------------|
| 1  | Percentage of households with access to sanitation services                     | 100%                                                   | 100%                             |
| 2  | Percentage of indigent households with access to free basic sanitation services | 100%                                                   | 100%                             |
| 3  | Percentage of clinics with access to sanitation services                        | 100%                                                   | 100%                             |

Number of households reached: 412

### **Major challenges in sanitation services and remedial actions**

Water shortages, and dilapidated infrastructure in local municipalities.



## **ROAD CONSTRUCTION AND MAINTENANCE**

The District Municipality is not responsible for road construction and maintenance. SANRAL is responsible for National Roads and the Provincial Government for regional roads in the District. Roads within towns and settlements are the responsibility of local municipalities.

## **WASTE MANAGEMENT**

### **Waste management services delivery strategy and main role-players**

Includes all activities related to refuse removal, solid waste disposal and street cleaning.

The solid waste function of the Municipality is administered by the Department: Infrastructure Services & Planning and the Finance & Corporate Services Department and includes:

- Household refuse removal services in Rietbron.
- Provision of solid waste disposal sites serving all communities in the DMA.

The strategic objective of this function is to capacitate local municipalities to provide every household with a basic level of service.

### **Level and standards in waste management services**

The personnel associated with the solid waste disposal function are:

|                                       |                 |
|---------------------------------------|-----------------|
| 1 x Environmental Health Practitioner | 1 x DMA Manager |
| 4 x Workers                           | 1 x Operator    |

The above officials are also involved in the provision of other municipal services such as water, roads, sanitation, etc.

Number of households receiving regular refuses removal services: 334

Frequency of service: Weekly

### **Annual performance as per key performance indicators in waste management services**

| No | Indicator name                                                                      | Total number of household/customer expected to benefit | Previous years achievement level |
|----|-------------------------------------------------------------------------------------|--------------------------------------------------------|----------------------------------|
| 1  | Percentage of households with access to refuse removal services                     | 81%                                                    | 81%                              |
| 2  | Percentage of DM with waste management plan                                         | 100%                                                   | 100%                             |
| 3  | Percentage of municipal landfills in compliance with Environmental conservation Act | N/A                                                    | N/A                              |

Number of households reached at Rietbron: 334

Number of households reached at railway settlements  
Glenconner, Kleinpoort, Wolwefontein,  
Miller & Vondeling: 78 (only waste cells provided)

### **Major challenges in waste management services and remedial actions:**

Geographic spread of the area.

## **HOUSING AND TOWN PLANNING**

Housing - not applicable: The District Municipality is not a housing authority. In the District, the local municipalities perform this function with funding from the Provincial Government.

General town planning support is provided to Local Municipalities. Furthermore, the Cacadu District Municipality has entered into an agreement with the Baviaans Local Municipality and the Makana Local Municipality to officially assist those municipalities with the processing of land use management applications.

## **SPATIAL PLANNING**

The District Municipality reviews its SDF, in-house, on an annual basis in conjunction with the IDP processes. The CDMs SDF guides the formulation and / or review of Local Municipality SDFs.

## **INDIGENT POLICY IMPLEMENTATION**

### **Preparation and approval process of the indigent policy**

The Municipality has an approved Indigent Policy, which came into effect July 2006. The Policy is reviewed annually.

The Policy provides for the following Free Basic services for (persons who qualify):

- Water: 100% subsidy up to 6 kl per household per month
- Electricity: 100% subsidy up to 50 kWh per household per month
- Property Rates: 100% rebate (effective 1 July 2009)

### **Implementation of the policy**

The Indigent Policy requires that persons apply to the Municipality to register on the indigent database. The database was updated and implemented 1 July 2009.

## OVERALL SERVICE DELIVERY BACKLOGS

**NOTE:** The reference on pages 5 and 6 to flawed population figures is also relevant here.

Access to water

|                       | Water on site |          | Community Stand |          | Borehole/tank |          | Natural water/dam |          | Water vendor/other |          |
|-----------------------|---------------|----------|-----------------|----------|---------------|----------|-------------------|----------|--------------------|----------|
|                       | Census 2001   | RSS 2006 | Census 2001     | RSS 2006 | Census 2001   | RSS 2006 | Census 2001       | RSS 2006 | Census 2001        | RSS 2006 |
|                       | %             | %        | %               | %        | %             | %        | %                 | %        | %                  | %        |
| Eastern Cape          | 37.4          | 41.8     | 25.3            | 25.1     | 4.0           | 3.8      | 31.4              | 28       | 1.9                | 1.4      |
| Cacadu DC             | 74.7          | 85.8     | 17.9            | 10.0     | 3.1           | 1.4      | 2.8               | 1.4      | 1.5                | 1.3      |
| Camdeboo              | 91.0          | 98.4     | 8.2             | 1.6      | 0.2           | 0.0      | 0.2               | 0.0      | 0.4                | 0.0      |
| Blue Crane            | 76.8          | 100.0    | 13.4            | 0.0      | 3.2           | 0.0      | 4.4               | 0.0      | 2.2                | 0.0      |
| Ikwezi                | 91.0          | 83.1     | 7.6             | 0.0      | 0.5           | 12.9     | 0.2               | 0.0      | 0.7                | 4.0      |
| Makana                | 76.2          | 76.5     | 19.0            | 16.5     | 2.3           | 2.5      | 1.7               | 1.6      | 0.9                | 2.9      |
| Ndlambe               | 62.1          | 69.2     | 27.3            | 19.7     | 5.6           | 0.7      | 3.1               | 8.3      | 1.8                | 2.2      |
| Sunday's River Valley | 61.8          | 86.6     | 17.6            | 13.4     | 9.4           | 0.0      | 7.4               | 0.0      | 3.8                | 0.0      |
| Baviaans              | 86.1          | 90.6     | 8.9             | 0.0      | 2.0           | 7.2      | 2.6               | 0.0      | 0.5                | 2.1      |
| Kouga                 | 75.2          | 83.6     | 22.4            | 15.3     | 0.4           | 0.0      | 0.8               | 0.0      | 1.1                | 1.1      |
| Kou-Kamma             | 77.0          | 93.8     | 12.5            | 6.2      | 3.9           | 0.0      | 5.3               | 0.0      | 1.3                | 0.0      |
| ECDMA10               | 73.0          | 79.4     | 24.3            | 8.3      | 1.6           | 8.2      | 0.9               | 4.1      | 0.1                | 0.0      |

Source : Population Census 2001 & Rapid Services Survey 2006

# Access to Sanitation

|                       | Flush toilet (connected to sewerage system) |          | Flush toilet (with septic tank) |          | Chemical toilet |          | Pit latrine with ventilation (VIP) |          | Pit latrine without ventilation |          | Bucket latrine |          | None        |          |
|-----------------------|---------------------------------------------|----------|---------------------------------|----------|-----------------|----------|------------------------------------|----------|---------------------------------|----------|----------------|----------|-------------|----------|
|                       | Census 2001                                 | RSS 2006 | Census 2001                     | RSS 2006 | Census 2001     | RSS 2006 | Census 2001                        | RSS 2006 | Census 2001                     | RSS 2006 | Census 2001    | RSS 2006 | Census 2001 | RSS 2006 |
|                       | %                                           | %        | %                               | %        | %               | %        | %                                  | %        | %                               | %        | %              | %        | %           | %        |
| Eastern Cape          | 30.9                                        | 31.1     | 2.2                             | 1.3      | 2.0             | 0.6      | 5.6                                | 7.2      | 23.1                            | 33.9     | 5.6            | 4.0      | 30.6        | 21.8     |
| Cacadu DC             | 40.3                                        | 67.8     | 11.1                            | 3.5      | 0.8             | 0.0      | 5.3                                | 0.1      | 16.2                            | 4.9      | 14.3           | 14.5     | 12.0        | 9.3      |
| Camdeboo              | 68.7                                        | 85.8     | 7.0                             | 0.8      | 0.1             | 0.0      | 4.3                                | 0.0      | 3.2                             | 9.4      | 11.2           | 0.6      | 5.5         | 3.4      |
| Blue Crane            | 47.1                                        | 74.2     | 4.1                             | 0.0      | 2.5             | 0.0      | 1.4                                | 0.0      | 8.0                             | 0.0      | 20.1           | 25.8     | 16.7        | 0.0      |
| Ikwezi                | 17.7                                        | 66.7     | 11.4                            | 0.0      | 0.1             | 0.0      | 4.8                                | 0.0      | 2.8                             | 11.6     | 48.8           | 21.7     | 14.5        | 0.0      |
| Makana                | 34.1                                        | 57.1     | 2.9                             | 1.6      | 0.2             | 0.0      | 7.9                                | 0.0      | 13.6                            | 2.9      | 29.7           | 17.5     | 11.6        | 20.8     |
| Ndlambe               | 24.3                                        | 44.7     | 27.3                            | 4.7      | 0.5             | 0.0      | 5.8                                | 0.7      | 28.0                            | 0.7      | 0.6            | 17.0     | 13.6        | 32.2     |
| Sunday's River Valley | 24.0                                        | 58.8     | 4.8                             | 0.0      | 1.6             | 0.0      | 8.7                                | 0.0      | 40.7                            | 28.5     | 6.5            | 12.7     | 13.7        | 0.0      |
| Baviaans              | 30.3                                        | 34.8     | 21.7                            | 14.5     | 0.4             | 0.0      | 5.8                                | 0.0      | 11.4                            | 0.0      | 19.0           | 47.5     | 11.3        | 3.2      |
| Kouga                 | 51.8                                        | 75.2     | 10.8                            | 7.9      | 0.7             | 0.0      | 2.5                                | 0.0      | 9.8                             | 1.5      | 13.3           | 11.8     | 11.0        | 3.5      |
| Kou-Kamma             | 50.6                                        | 88.8     | 12.3                            | 5.0      | 1.3             | 0.0      | 5.1                                | 0.0      | 15.5                            | 0.0      | 5.5            | 6.2      | 9.8         | 0.0      |
| ECDMA10               | 13.9                                        | 29.4     | 21.6                            | 20.0     | 0.1             | 1.4      | 17.3                               | 8.3      | 18.3                            | 22.7     | 4.1            | 1.4      | 24.7        | 16.7     |

Source : Population Census 2001 & Rapid Services Survey 2006

## **CHAPTER 3: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK- (KPA 3)**

### **BRIEF PRESENTATION OF LED STRATEGY/PLAN**

During the Cacadu District Municipality 2005/06 Integrated Development Plan review process, it became increasingly apparent that the district as a whole needs an integrated approach towards economic development. The district adopted an approach of moving away from planning for isolated local economic development projects and thus developed a district-wide economic growth and development strategy (EGDS).

The EGDS was completed in May 2006, in collaboration with stakeholders from national, provincial and local government. Key elements of the EGDS include the following:

#### **Economic Vision**

*“a growing and diversified district economy optimizing all available resources to enhance the quality of life in our communities”*

#### **Strategic Objectives**

- To leverage available resources to achieve investment in economic infrastructure in partnership with relevant stakeholders.
- To achieve year-on-year economic growth by developing strategic sectors in the district
- To develop and enhance technical and life skills in line with labour market demands of the district, its strategic sectors and the region at large
- To build appropriate internal and external institutional capacity necessary to improve integration, alignment and coordination of economic development programmes
- To establish and sustain partnerships and regional linkages aimed at promoting economic development

#### **Strategic Pillars**

The economic vision and objectives guided the formulation of strategic development pillars. Five main pillars have identified for stimulating sustainable economic growth and development in CDM. These pillars are:

- Economic Infrastructure;
- Sector Development;
- Human Resources and Skills Development;
- Institutional Development; and
- Regional Linkages

## 4.1 LOCAL ECONOMIC DEVELOPMENT (LED)

The National Framework for LED in South Africa 2006-2011 is very clear on the roles and responsibilities of government sector when it comes to LED. It further *“promotes a strategic approach to development of local economies and a shift away from narrow municipal interest focused only on government inputs into ad-hoc projects. The application of the National Spatial Development Perspective (NSDP), Industrial Policy, ASGI-SA, Provincial Growth and Development Strategies through joint action with municipalities institutionalized in IGR forums is the driving force for local and hence national economic growth and development”*

The reality of the matter is that local government is still “stuck” and expected to implement “small, ad-hoc LED projects”. This is further entrenched by the provincial government whereby departments disburse funds to local municipalities to “implement” LED projects.

## 4.2 CATALYTIC INITIATIVES AND PROJECTS

### 4.2.1 LED INITIATIVE IN PARTNERSHIP WITH THE DEVELOPMENT BANK OF SOUTHERN AFRICA (DBSA)

#### Background and Context

The Cacadu Local Economic Development Initiative (LEDI) is a partnership between Cacadu District Municipality, the Development Bank of Southern Africa (DBSA) and other major stakeholders in our region aimed at identifying and unlocking economic potential. The idea is to build a strong strategic relationship between municipality, local and regional stakeholders aimed at catalysing an economic turn-around.

The Development Bank of Southern Africa (DBSA) is the initiator of the programme and primary initial funder. Cacadu District Municipality is one of three pilot LEDI, or local economic development initiative, sites in the country, together with Ugu District Municipality in Kwa-Zulu Natal and Theewaterskloof Local Municipality in the Western Cape, all distinct in character and economic potential.

The main reasons for Cacadu’s selection as a pilot includes the following:

- CDM has great economic potential flowing from its strategic location, proximity to NMBM and Coega, the positioning of its economic sectors, its natural assets and its potential to be a centre of niche innovation
- The potential is not being realised due to the lack of a coherent common effort and absence of a widely shared, inspirational and coherent strategy
- Relatively weak economic growth over past decade, decline in some important sectors – spare capacity as base for accelerated growth
- Sound governance arrangements
- The growth potential can be used to leverage significant empowerment and land reform

#### Key Elements of the LEDI

##### Programme Objective

- Developing a bold, credible and robust strategy for economic turn-around and shared prosperity;
- Consolidating a portfolio of high impact strategic projects that can give effect to the strategy and that have the potential to leverage significant additional private and public investment;

- Creating confidence, sound relationships and strong social capital as a foundation for development progress. In particular, building productive relationships between established commercial and agricultural interests with government and emerging farmers and entrepreneurs is seen as critical;
- Building solid institutional arrangements, including more capacitated municipalities, to support a sustained programme of growth and development.

#### Progress-to-date

On the 22 June 2009 the DBSA Development Fund approved a technical assistance grant to the maximum amount of R7,800,000.00 (seven million eight hundred thousand Rand) as a contribution towards the costs of the DBSA/CACADU LED Initiative.

Areas of intervention, as shown in Table 4.1, include (i) agri-innovation in the areas of fibre, renewable energy and agri-tourism; (ii) strategy and institutional development, including the revision of the district's Economic Growth and Development Strategy and infrastructure investment assessments linked to a municipal finance services model and (iii) technical support in the form of 3-year fixed contracts of a programme manager and process facilitator that will be working with the Department of Economic Development at Cacadu.

**Table 4.1: LEDI Funding (DBSA)**

| <b>Intervention</b>                    | <b>Total amount</b> |
|----------------------------------------|---------------------|
| Agri-innovation project grant          | R3,150,000          |
| Strategy and institutional development | R2,600,000          |
| LEDi project team grant                | R2,050,000          |
| <b>Total</b>                           | <b>R7,800,000</b>   |

#### **4.2.2 LED District Support Team**

The Eastern Cape Department of Economic Development and Environmental Affairs (DEDEA), the Department of Cooperate Governance and Traditional Affairs [DCGTA] (formerly Local Government and Traditional Affairs [DLGTA]), together with Municipalities in the Province, have since 2008 been leading an effort to consolidate an integrated, better-coordinated and more effective local economic development (LED) support system in the Province. While started by the aforementioned institutional partners, the initiative has also involved the Eastern Cape Development Corporation (ECDC), the Department of Agriculture and Rural Development, the Department of Social Development, as well as other public sector institutions, CSIR and SEDA (at Cacadu). Towards the goal stated above, discussion among these institutional partners has, among other outcomes, conceived of a multi-layered LED planning and support system that will function at various levels of the public system

The scope of work and modus operandi will be gradually developed as the experience of the DST's evolves, and the reflection thereon calls for appropriate revisions and other relevant development. The DST's tasks will mainly centre around planning facilitation and support, implementation support and communication/reporting. Focus areas are:

- LED Understanding
- Socio-Economic Intelligence
- Programme and Project Development and Management.

### 4.2.3 Support to Agriculture

The District Municipality has entered into a two-year agreement with the DED (German Development Service), with effect from March 2009. The agreement assigns an LED adviser to assist the municipal efforts in supporting agricultural initiatives district-wide, mainly focusing on emerging farmers. The main objectives will be the development of an agricultural mentoring strategy (by March 2010), identifying and supporting viable agricultural initiatives and liaison with key stakeholders in the agricultural sector in the district and neighboring districts (Amathole, Chris Hani and Nelson Mandela Bay Municipality).

The first steps in this regard will include:

- an analysis of the agricultural sector in the District, particularly in order to assess skills within the emerging farmers communities;
- identify the needs for further skills development and link the emerging farmer groups with available service providers to address these needs;
- identification and/or confirmation of viable agricultural initiatives to be supported by Cacadu.

One of the biggest challenges identified so far is to give the emerging farmers adequate support. Many of them do have basic or even advanced technical skills regarding agriculture as such but on the other hand they seem to have fundamental deficiencies in managing agricultural production as a business. Many commercial farmers and organizations, namely, National Woolgrowers Association, Chicory SA, Khula Sizwe Trust (ostriches), the South African Agri Academy (citrus, other agricultural products and marketing) are willing to support the emerging farmers but often those initiatives are not covering all the potentially suitable areas in the District.

The initiative of the Department of Agriculture and Rural Development to establish commodity clusters in the whole District is a very good opportunity to facilitate the rolling out of experiences made by the different initiatives mentioned above. Unfortunately preliminary findings indicate that there are not sufficient agricultural extension officers in the District, therefore it is important to identify other service providers such as commercial farmers, NGOs, Universities and Technical Colleges to join forces so that the emerging farmers in the District can get adequate support to sustain their families and grow into full fetched businesses.

### 4.2.4 DISTRICT GROWTH AND DEVELOPMENT SUMMIT

The District Growth and Development Summits (GDSs) sought to address the following issues:

- The district/metro's economic potential and which sectors of the economy should be promoted
- Commitments by government, business, labour and community sector to ensure investment in each of the sectors
- Actions required by government and each partner to deal with constraints to such investments, including dealing with bureaucratic delays
- Social and economic infrastructure programmes required to improve returns on investments and provide basic services to communities
- Contribution by each partner to the construction of such infrastructure, including possibility of Private Public Partnerships (PPPs)
- Second Economy interventions (Expanded Public Works Program (EPWP), co-operatives, micro-credit, procurement, land reform, etc) and the role of each sector in such interventions
- Promoting local procurement – and what interventions are required
- Improving capacity of local government and contribution of each social partner: including role of public sector unions in ensuring efficiency, role of all in fighting corruption, contribution by private sector and professionals to skills required by the District/Metro



- Establishing a partnerships and/or regional growth coalitions which will act as a mechanism for cooperative action at all levels and a robust framework for monitoring and evaluating progress

The summarized expected outcomes from all the GDSs included the following:

- Reaching consensus on growth and development priorities for each District and the Metro
- Agreeing on a process to strengthen Municipal Integrated Development Plans (IDPs) through incorporating consensus-sought GDS outcomes into the IDP review processes, and incorporated into subsequent implementation action plans by municipalities.
- Leveraging resources for prioritized projects, as identified and justified through the GDS process.
- Strengthening the Provincial Growth and Development Plan (PGDP) and feed into its strategic assessment that is currently underway.
- Strengthening coordination and cooperation between social partners and across the levels of government through joint socio-economic visioning, shared analysis, and evidence-based planning.

These outcomes were then agreed to and sealed off as commitments by social partners in a Summit Agreement. In retrospect below are observations and conclusions on the Summit Agreement and commitments thereof:

- Some of the commitments, especially on the part of government and public entities, tended to reflect what these departments and institutions are supposed (mandated) to be doing anyway, with very little bold new detailed initiatives over and above what effectively amounts to their broad annual plans.
- Rightly or wrongly, the agreement tended to ‘over-commit’ municipalities to the development of a plethora of different policies and strategies. In other words, the agreement is a bit ‘municipal-biased’ in terms of work to be done in a short period of time to ensure proper frameworks; policies and systems are in place to unlock social and economic development.
- In some cases, the agreement reflects the dominant participation of some government departments in the GDS process, most of which were not active at pre-summit, summit and post-summit engagements.
- National departments, besides the DTi, have not really made commitments, especially in crucial areas such as land ownership and land reform.
- By and large, commitments by Organised Business and Organised Labour are sketchy, suggesting more intensive engagements with these sectors should be a focal point for the post-GDS process. Cacadu does not have any regional business chamber, this is further complicated by clear absence of local business associations.
- Some of the commitments, especially from the side of the private sector, NGO’s and public entities lack time-frames.
- For very sound and obvious reasons, Cacadu Summit Agreement places a great deal of emphasis on its linkages with the Nelson Mandela Bay Municipality (NMBM). Indeed, a Memorandum of Understanding (MoU) exists between Cacadu and NMBM, various post summit meetings have taken place. Outstanding is a clear program of action to roll out areas of cooperation.

## **Progress To Date**

The GDS set the tone for improved coordination and alignment. It was agreed that annual IDP Reviews and the PGDP review must reflect GDS priorities. However, continuous monitoring and evaluation has been and still critical.

### **4.3 CHALLENGES (LED)**

- a) LED Governance :
  - Overlapping roles of sector departments

- Limited and/or ineffective LED leadership and stakeholder participation at both district and local municipal levels;
  - Functional LED forums, business chambers and private-public dialogue platforms;
  - Limited LED understanding by roleplayers
- b) LED Facilitation :
- Capacity of LED Units;
  - “Weak” LED strategies and implementation thereof;
  - Quality of data used as well as analysis thereof;
  - Improving the analysis of sectors, industries and localities;
  - Refining of strategy focus areas to ensure alignment between LM and DM strategies (i.e. gaps in enterprise and regional linkages);
  - Improve the quality of locality socio-economic intelligence to bolster local planning as well as investment decision-making;
- c) LED initiatives and projects :
- Facilitation and project generation support for LED catalytic programmes and projects
  - Improve the quality of current initiatives and projects identified in the IDP and LED plans, to better define, identify, screen, assess and prioritise LED catalytic interventions in each locality;
  - LED reduced to project implementation by government at both spheres.

#### **4.4 TOURISM**

The tourism function incorporates:

- Tourism destination development, management and marketing
- Providing support to local municipalities to promote tourism in their areas

The District Municipality together with the local municipalities and the private sector have just completed a process of developing and reviewing tourism plans.

In working out the economic impact of tourism in the region, the Satellite Accounting Tourism (SAT) Model was used. Below is the status in seven of the local municipal areas:

##### **Baviaans Municipality**

The SAT model calculates that tourism currently contributes as follows to the local economy of Baviaans:

- R19.5m in direct tourism spend
- R49.5m contribution to the GDP by the tourism economy
- R73.7m total economic activity generated by tourism (i.e. total demand)
- Supports 133 jobs in the tourism industry
- Supports a total of 302 jobs in the tourism economy (including the tourism industry)
- Supports the equivalent of 20 SMMEs

##### **Camdeboo Municipality**

The SAT model calculates that tourism currently contributes as follows to the local economy of Camdeboo:

- R27.3m in direct tourism spend
- R69.3m contribution to the GDP by the tourism economy
- R103.14m total economic activity generated by tourism (i.e. total demand)

- Supports 197 jobs in the tourism industry
- Supports a total of 450 jobs in the tourism economy (including the tourism industry)
- Supports the equivalent of 30 SMMEs

### **Ikwezi Municipality**

The SAT model calculates that tourism currently contributes as follows to the local economy of Ikwezi:

- R0.56m in direct tourism spend
- R1.4m contribution to the GDP by the tourism economy
- R2.1m total economic activity generated by tourism (i.e. total demand)
- Supports 4 jobs in the tourism industry
- Supports a total of 9 jobs in the tourism economy (including the tourism industry)
- Supports the equivalent of 1 SMME

### **Kouga Municipality**

The SAT model calculates that tourism currently contributes as follows to the local economy of Kouga:

- R59.9m in direct tourism spend
- R152.29m contribution to the GDP by the tourism economy
- R226.66m total economic activity generated by tourism (ie total demand)
- Supports 434 jobs in the tourism industry
- Supports a total of 988 jobs in the tourism economy (including the tourism industry)
- Supports the equivalent of 66 SMMEs

### **Makana Municipality**

The SAT model calculates that tourism currently contributes as follows to the local economy of Makana:

- R42.4m in direct tourism spend
- R107.9m contribution to the GDP by the tourism economy
- R160.6m total economic activity generated by tourism (i.e. total demand)
- Supports 307 jobs in the tourism industry
- Supports a total of 700 jobs in the tourism economy (including the tourism industry)
- Supports the equivalent of 47 SMMEs

### **Ndlambe Municipality**

The SAT model calculates that tourism currently contributes as follows to the local economy of Ndlambe:

- R26.4m in direct tourism spend
- R67.2m contribution to the GDP by the tourism economy
- R100m total economic activity generated by tourism (i.e. total demand)
- Supports 191 jobs in the tourism industry
- Supports a total of 436 jobs in the tourism economy (including the tourism industry)
- Supports the equivalent of 29 SMMEs

### **Sundays River Valley Municipality**

The SAT model it is calculated that tourism currently contributes as follows to the local economy of Sunday's River Valley:

- R99.7m in direct tourism spend

- R253.4m contribution to the GDP by the tourism economy
- R377.1m total economic activity generated by tourism (i.e. total demand)
- Supports 721 jobs in the tourism industry
- Supports a total of 1,644 jobs in the tourism economy (including the tourism industry)
- Supports the equivalent of 110 SMMEs

## **4.5 CHALLENGES (TOURISM)**

The following key tourism-related developmental challenges have been identified in the district:

### **a) Roads**

- The quality of major roads in the area, most notably the N2, N9 and R72 and most importantly the R334 (Motherwell to Addo) and R332 through the Baviaanskloof. The road to Addo needs to be upgraded urgently, so as to mitigate against an increase loss of tourists to the Addo Elephant National Park, one of our biggest draw cards into the district. The road through the Baviaanskloof needs urgent upgrade and careful management, so as to increase the flow of tourists through the only World Heritage Site in the Eastern Cape.
- The quality of the secondary roads in the district poses a major challenge to tourist distribution throughout the district. If a tourist has visited a major attraction, e.g. Addo Elephant National Park, they are often unable to access other areas of the district, e.g. travelling north to Somerset East via the Waterford Road (R400) because the road is in such great disrepair.
- In addition, the lack of an international airport at Port Elizabeth remains a challenge to tourism, as international tourists fly into Cape Town, spend time along the Garden Route (approximately between 8 – 14 days) and only spend one night in the Eastern Cape (usually Port Elizabeth after a visit to Addo Elephant National Park). An international airport at Port Elizabeth would encourage tourists to spend a longer period in the Eastern Cape, as they would not be required to enter the country through another province and then commute to the Eastern Cape.

### **b) Access to and quality of water**

- Access to and the quality of water remains a challenge in the district, most notably in the Koukamma area, and coastal areas specifically during peak season, most notably in the Ndlambe area during the summer recess. The shortage of water availability and poor quality water will continue to adversely affect tourism until drastic measures are undertaken to improve the availability of quality of water.

### **c) Black empowerment**

- Tourism must benefit the individuals in the community
- Development of new tourism products based on demand and access to markets, as opposed to traditional approaches to LED that are focused employment creation and are often unsustainable and create dependency on the state. The focus should be on enterprise development that meets market demand.
- Training & employment of emerging entrepreneurs that includes mentoring as opposed to once off training. Training areas that have been identified include local guide training, hospitality industry training and most notably basic business skills and marketing training.

#### **d) Statistics**

- The lack of reliable statistics makes tourism planning and interventions difficult. Coordinated provincial research should be conducted on an ongoing basis, to facilitate improved planning and marketing of tourism activities within the province. To this end, Cacadu District Municipality commissioned the development of a tourism statistics system, piloted in five local municipalities.

#### **4.6 ACHIEVEMENTS**

Cacadu District Municipality completed its Tourism Master Plan (TMP) in 2009. This is the first time that the district has mapped out the strategic direction for tourism growth and development. The TMP is the culmination of the development or review of Responsible Tourism Sector Plans in each of the nine local municipalities located within the district.

One of the first steps in the development of the tourism industry in the district is the configuration of appropriate institutional arrangements. The TMP recommends the establishment of local tourism organisations (LTO) in each of the nine local municipalities. A LTO is a partnership between local government and the private sector that seeks to grow the tourism industry by increasing the number of tourists and in doing so increases the economic benefits of tourism to the region as a whole. To date LTOs have been established in Baviaans, Camdeboo, Kouga and Makana Municipalities. Blue Crane Route, Ikwezi and Sundays River Valley Municipalities are in the process of establishing their respective LTOs.

The establishment of LTOs not only creates a platform for dialogue between the district and local municipalities and tourism stakeholders in each area, but also puts in place steering teams for the implementation of tourism-related programmes and projects in each local municipality.

The TMP presents a spatial development plan which identifies areas of tourism potential for specific niche tourism development programmes and projects in various local municipalities. Niche markets which were identified in the Cacadu District Municipality as areas of tourism development potential include heritage tourism, nature-tourism, events tourism (including edu-tourism and sports tourism), agri-tourism, adventure tourism and coastal and marine tourism.

One of the first niche market tourism projects to be implemented is the development of an agri-tourism route in Sundays River Valley Municipality. This is one of the LEDI projects and will be implemented in collaboration with the newly formed LTO in Sundays River Valley Municipality.

#### **Launch of "7 Wonders of our World" campaign**

On 17 July 2010 the Municipality launched its "Seven Wonders" campaign, in terms of which seven tourism destinations within the District were vigorously marketed. Consisting of Addo, Baviaans and the Gamtoos Valley, Grahamstown, Jeffreys Bay and St Francis, Karoo, Sunshine Coast and Tsitsikamma, the 7 wonders appeal to an array of interests, from extreme sports and history and culture to the natural environment.

The campaign was piloted at the ITB held during March 2009 in Berlin as well as at the 2009 Tourism Indaba held in Durban.

As a result of the campaign, the CDM was nominated for a Swiss Tourism Award in the adventure tourism sector.

**Cacadu District Municipality as a nominee for the Swiss Tourism Awards 2009 in the category Sport and Adventure Destination: “an adventurous experience surrounded by amazing nature”**

The Swiss Tourism Awards are tourism awards presented every year during the Swiss International Holiday Exhibition, in order to reward international destinations and resorts which distinguish themselves for special naturalistic, cultural and artistic characteristics and for their strong tourism vocation.

The Swiss Tourism Awards have the following objectives:

- Encouraging and helping tourism
- Introducing destinations that have a strong and organized tourism industry or that are working hard and professionally reach it
- Promoting each year different destinations offering to operators and foreign institutions the possibility of establishing a net of contacts and international relations that might lead to the development of new business and tourism growth
- Setting the natural and cultural heritage of some places off, presenting the traditions and characteristics that make them unique
- Encouraging competitiveness and excellence in standards of service
- Strengthening year after year the trust of the Swiss public towards the international tourism industry

Cacadu District Municipality received the Swiss Tourism Award at a gala dinner on 30 October 2009 in Lugano, Switzerland. The municipality was represented by the Executive Mayor, Director: Economic Development and Project Manager: Tourism Development & Marketing. The Executive Mayor accepted the award on behalf of the district.

The award is a testament to the strong and strategic marketing strategy nurtured by the district.

During the course of the Swiss International Holiday Exhibition, district representatives met with 29 international tour operators from Switzerland, Italy and various other East-European countries. The majority of the operators were interested in the MICE market (meetings, incentives, conferences and exhibitions), most notably for incentives and the most popular request received from this segment of the market was for information related to five-star game reserves. It also became apparent during the course of meetings, that a large number of international operators attend *Meetings Africa*, a MICE conference hosted annually in Johannesburg by South African Tourism. Therefore, the department has invited international tour operators that will be attending *Meetings Africa* to be part of a post-conference tour of the district. The itinerary will be developed based on the attendees confirmed and their related interests and needs.

In addition to the appointments with international tour operators, the exhibition was open to the public, predominantly from Switzerland and Italy.

## **CHAPTER 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (KPA 4)**

### **AUDITED FINANCIAL STATEMENTS (AFS)**

The Audited Financial Statements for 2009/2010 financial year appear on page 44 to page 107.

### **BUDGET TO ACTUAL COMPARISON**

Included in AFS as above

### **GRANTS AND TRANSFERS' SPENDING**

Included in AFS as above

### **MEETING OF DONORS' REQUIREMENTS IN RESPECT OF CONDITIONAL GRANTS**

All conditions were met.

### **LONG TERM CONTRACTS ENTERED INTO BY THE MUNICIPALITY**

During the financial year, the municipality has entered into the following long term contracts:

- KPMG has been appointed as the municipality's internal auditors. They will be responsible for the complete function of internal auditing and the contract is for a period of five years
- Suid Kaap Waardeerders has been appointed as the valuers for the municipality's assets for the next three years
- Impumulelo Computing has been appointed to perform information technology management and related services for a period of 3 years.

## **ANNUAL PERFORMANCE AS PER KEY PERFORMANCE INDICATORS IN FINANCIAL VIABILITY**

|   | Indicator name                                                         | Target set for the year R(000) | Achievement level during the year R(000) | Achievement percentage during the year |
|---|------------------------------------------------------------------------|--------------------------------|------------------------------------------|----------------------------------------|
| 1 | Percentage of expenditure on capital budget                            | 6 619 100                      | 3 291 568                                | 49.7%                                  |
| 2 | Salary budget as a percentage of the total operational budget          | 10.5%                          | 10.6%                                    | 100.0%                                 |
| 3 | Total actual trade creditors as a percentage of total actual revenue   | 0.0%                           | 0.5%                                     | 100.0%                                 |
| 4 | Total municipal own revenue as a percentage of the total actual budget | 6.7%                           | 10.0%                                    | 10.0%                                  |
| 5 | Rate of municipal consumer debt reduction                              | 0.0%                           | -52.6%                                   | -100.0%                                |
| 6 | Percentage of MIG budget appropriately spent                           | 100.0%                         | 100.0%                                   | 100.0%                                 |
| 7 | Percentage of MSIG budget appropriately spent                          | 100.0%                         | 100.0%                                   | 100.0%                                 |

## **AUDIT COMMITTEE FUNCTIONALITY**

See report by Audit Committee attached as an Annexure on pages 176 to 179.

## **ARREARS IN PROPERTY RATES AND SERVICE CHARGES**

Rates: Ageing

|           |                |
|-----------|----------------|
| 0-90 days | R 811          |
| +90 days  | <u>R48 215</u> |

R49 026

Services: Ageing

|           |                 |
|-----------|-----------------|
| 0-90 days | R82 593         |
| +90 days  | <u>R387 134</u> |
|           | <u>R469 727</u> |



## **ANTI CORRUPTION STRATEGY**

Council approved the Anti Corruption Strategy and Fraud Prevention Plan on 29 August 2007.

The members of the Anti –Fraud and Corruption Committee are:

- Chairperson of the Audit Committee or any other member of the Audit Committee should the chairperson not be available;
- Internal Auditor;
- Municipal Manager; and
- Departmental Heads

The Council also approved the Whistle Blowing Policy and guideline for Fraud and Corruption investigation.

The awareness campaign was launched in January 2009 and more awareness interventions are planned.

No cases of fraud or corruption were reported during the 2009/2010 financial year.

## Accounting Officer's Responsibilities and Approval

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The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the Municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the Municipality and places considerable importance on maintaining a strong control environment. To enable the Municipality to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the financial year and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the spectrum. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June 2011 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 4 to 51, which have been prepared on the going concern basis, were approved by the Accounting Officer on 2 December 2010 and signed hereunder.

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**DM Pillay**  
**Municipal Manager**  
**2010/12/2**

## Statement of Financial Position

Figures in Rand

|                                                            | Note(s) | 2010                      | 2009                      |
|------------------------------------------------------------|---------|---------------------------|---------------------------|
| <b>Assets</b>                                              |         |                           |                           |
| <b>Current Assets</b>                                      |         |                           |                           |
| Short-term portion of long-term receivables                | 4       | 20,623                    | 17,971                    |
| Trade and other receivables from exchange transactions     | 5       | 97,442                    | 67,067                    |
| Trade and other receivables from non exchange transactions | 5       | 2,815,595                 | 1,767,959                 |
| VAT                                                        | 6       | 4,352,189                 | 18,573,652                |
| Deposits paid                                              | 7       | 25,010                    | 25,010                    |
| Cash and cash equivalents                                  | 8       | 366,706,581               | 416,378,318               |
|                                                            |         | <u>374,017,440</u>        | <u>436,829,977</u>        |
| <b>Non-Current Assets</b>                                  |         |                           |                           |
| Property, plant and equipment                              | 9       | 72,575,680                | 72,286,269                |
| Long-term receivables                                      | 4       | 21,051                    | 54,566                    |
| Investment property                                        | 44      | 12,927,500                | 13,640,000                |
| Intangible assets                                          | 45      | 86,885                    | -                         |
|                                                            |         | <u>85,611,116</u>         | <u>85,980,835</u>         |
| Total Assets                                               |         | <u>459,628,556</u>        | <u>522,810,812</u>        |
| <b>Liabilities</b>                                         |         |                           |                           |
| <b>Current Liabilities</b>                                 |         |                           |                           |
| Long Term Liabilities                                      | 10      | 87,173                    | 52,392                    |
| Deferred Income                                            | 11      | 135,529,394               | 192,583,090               |
| Trade and other payables from exchange transactions        | 12      | 20,016,709                | 22,491,391                |
| Provisions                                                 | 13      | 407,556                   | 175,572                   |
| Short term portion of the post-employment medical benefit  | 14      | 3,114,384                 | 2,916,602                 |
| Bank overdraft                                             | 8       | -                         | 1,958,674                 |
|                                                            |         | <u>159,155,216</u>        | <u>220,177,721</u>        |
| <b>Non-Current Liabilities</b>                             |         |                           |                           |
| Long-term liabilities                                      | 10      | 21,890                    | 42,195                    |
| Post-employment medical benefit                            | 14      | 51,158,088                | 46,913,852                |
|                                                            |         | <u>51,179,978</u>         | <u>46,956,047</u>         |
| Total Liabilities                                          |         | <u>210,335,194</u>        | <u>267,133,768</u>        |
| <b>Total assets less liabilities</b>                       |         | <u><b>249,293,362</b></u> | <u><b>255,677,044</b></u> |
| <b>Revaluation reserve</b>                                 |         |                           |                           |
|                                                            | 15      | 60,556,453                | 59,376,104                |
| <b>Unappropriated surplus</b>                              |         |                           |                           |
|                                                            | 16      | 188,736,909               | 196,300,940               |
| <b>Total Net Assets</b>                                    |         | <u><b>249,293,362</b></u> | <u><b>255,677,044</b></u> |

## Statement of Financial Performance

Figures in Rand

|                                                   | Note(s) | 2010                |
|---------------------------------------------------|---------|---------------------|
| <b>Revenue</b>                                    |         |                     |
| Rental income                                     |         | 991,168             |
| Tariffs and charges                               |         | 239,970             |
| Property rates                                    |         | 174,301             |
|                                                   |         | <b>1,405,439</b>    |
| <b>Other income</b>                               |         |                     |
| Investment interest                               |         | 30,818,431          |
| Income from agency services                       |         | 29,698              |
| Government grants & subsidies                     | 19      | 281,265,649         |
| Other revenue                                     | 20      | 2,601,361           |
| Reduction in provision for debt impairment        |         | 1,539,342           |
| Fair value adjustments                            | 44      | -                   |
|                                                   |         | <b>316,254,481</b>  |
| <b>Operating expenses</b>                         |         |                     |
| Employee costs                                    | 21      | 34,966,961          |
| Contribution to bad debt provision                |         | -                   |
| Bad debts written off                             |         | -                   |
| Collection costs                                  |         | 25,449              |
| Depreciation                                      | 9       | 1,927,195           |
| Repairs and maintenance                           |         | 952,239             |
| Bulk purchases                                    | 24      | 12,621              |
| Contracted services                               |         | 3,173,393           |
| Conditional grant expenditure                     | 25      | 211,688,220         |
| Other grants and subsidies paid                   | 25      | 9,145,586           |
| General expenses - other                          |         | 56,291,279          |
| Discounting of post employment medical benefit    | 14      | 5,695,008           |
| Loss on donation of assets                        |         | 2,099,003           |
| Actuarial loss on post employment medical benefit | 14      | 1,564,301           |
| Impairment                                        | 9       | 175,351             |
|                                                   |         | <b>327,716,606</b>  |
| Finance costs                                     | 23      | (109,968)           |
| Fair value adjustments                            | 44      | (712,500)           |
| Deficit from equity accounted investments         |         | (800,000)           |
|                                                   |         | <b>(1,622,468)</b>  |
| <b>Surplus/ (Deficit) for the year</b>            |         | <b>(11,679,154)</b> |

## Statement of Changes in Net Assets

| Figures in Rand                                                  | Notes | Revaluation<br>reserve | Unappropriated<br>surplus | Total net<br>assets |
|------------------------------------------------------------------|-------|------------------------|---------------------------|---------------------|
| <b>Balance at 01 July 2008</b>                                   |       | <b>43,923,916</b>      | <b>166,912,539</b>        | <b>210,836,455</b>  |
| Changes in net assets                                            |       |                        |                           |                     |
| Transfer to Health                                               |       | -                      | (581,361)                 | (581,361)           |
| Revaluations                                                     | 9     | 15,089,688             | -                         | 15,089,688          |
| Unappropriated Surplus of Primary Health Care transferred to CDM |       | -                      | 4,388,963                 | 4,388,963           |
| Prior year adjustments                                           | 26    | 362,500                | 1,211,020                 | 1,573,520           |
| Surplus for the year                                             |       | -                      | 24,369,779                | 24,369,779          |
| <b>Balance at 01 July 2009</b>                                   |       | <b>59,376,104</b>      | <b>196,300,940</b>        | <b>255,677,044</b>  |
| Changes in net assets                                            |       |                        |                           |                     |
| Surplus/ (Deficit) for the year                                  |       | -                      | (11,679,154)              | (11,679,154)        |
| Unappropriated Surplus of Primary Health Care transferred to CDM |       | -                      | 4,115,123                 | 4,115,123           |
| Revaluations                                                     | 9     | 1,180,349              | -                         | 1,180,349           |
| <b>Balance at 30 June 2010</b>                                   |       | <b>60,556,453</b>      | <b>188,736,909</b>        | <b>249,293,362</b>  |
| Note(s)                                                          |       | 15                     | 16                        |                     |

## Cash Flow Statement

Figures in Rand

|                                                             | Note(s) | 2010                | 2009               |
|-------------------------------------------------------------|---------|---------------------|--------------------|
| <b><u>Cash flows from operating activities</u></b>          |         |                     |                    |
| Cash receipts from customers                                |         | 215,429,466         | 215,429,466        |
| Cash paid to suppliers and employees                        |         | (286,056,817)       | (216,849,488)      |
| Cash used in operations                                     | 27      | (70,627,351)        | (1,420,022)        |
| Interest income                                             |         | 30,818,431          | 42,961,352         |
| Finance costs                                               | 23      | (109,968)           | (152,155)          |
| <b>Net cash from operating activities</b>                   |         | <b>(39,918,888)</b> | <b>41,389,175</b>  |
| <b><u>Cash flows from investing activities</u></b>          |         |                     |                    |
| Purchase of property, plant and equipment                   | 9       | (3,310,611)         | (5,610,734)        |
| Purchase of other intangible assets                         | 45      | (86,885)            | -                  |
| Decrease in long term receivables                           |         | 30,863              | 46,069             |
| <b>Net cash from investing activities</b>                   |         | <b>(3,366,633)</b>  | <b>(5,564,665)</b> |
| <b><u>Cash flows from financing activities</u></b>          |         |                     |                    |
| Finance lease payments                                      |         | 14,476              | (28,092)           |
| Outflow from post employment medical benefit                |         | (4,442,018)         | (2,916,601)        |
| <b>Net cash from financing activities</b>                   |         | <b>(4,427,542)</b>  | <b>(2,944,693)</b> |
| <b>Total net increase / (decrease) in cash for the year</b> |         | <b>(47,713,063)</b> | <b>32,879,817</b>  |
| Cash at the beginning of the year                           |         | 414,419,644         | 381,539,827        |
| <b>Cash and cash equivalents</b>                            | 8       | <b>366,706,581</b>  | <b>414,419,644</b> |

# Accounting Policies

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## 1. Reporting Entity

The Cacadu District Municipality and Joint Venture consist of the consolidation between the Cacadu District Municipality and its portion of the Kouga Development Agency which were established in joint venture with the Kouga Municipality as a multi-jurisdictional service utility in terms of the Local Government Systems Act, 2000. The municipality is governed by the Municipal Finance Management Act, no 56 of 2003, the Local Government: Municipal Systems Act, no 32 of 2000 and the Local Government: Municipal Structures Act, no 117 of 1998.

### 1.1 Basis of Preparation

#### (a) Statement of compliance

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance.

These accounting policies are consistent with the previous period.

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) and the International Public Sector Accounting Standards (IPSAS) where applicable in terms of Directive five including any interpretations of such Statements issued by the Accounting Practices Board.

The entity has elected to early adopt the principles of the following requirement(s) in GRAP:

GRAP 23 - Revenue from Non-Exchange Transactions (Taxes and Transfers) - The entire standard

#### (b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for Land and Buildings, which are revalued.

#### (c) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the notes to the financial statements.

#### (d) Offsetting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

# Accounting Policies

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## 1.2 Presentation of currency

These annual financial statements are presented in South African Rand.

## 1.3 Going concern Assumption

These annual financial statements have been prepared on a going concern basis.

## 1.4 Property, plant and equipment

### 1.4.1. Recognition

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

### 1.4.2. Initial recognition

Property, Plant and Equipment are initially recorded at cost.

The “initial measurement” of property, plant and equipment, upon its “initial recognition” refers to property, plant and equipment’s value when the current basis of accounting was first adopted, i.e. 1 July 2005. The “cost” of property, plant and equipment upon “initial recognition” is either its cost or fair value at initial recognition. The “cost” of land and buildings on 1 July 2005 would constitute its fair value on that date as no cost is available. The “cost” of other assets would be its carrying amount (cost less accumulated depreciation) as at that date on the assumption that the carrying amount represents the asset’s fair value at 1 July 2005 if the asset was acquired prior to this date.

Where the cost of an item of property, plant and equipment was acquired in exchange for, a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets it was measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents transferred.

The cost of assets acquired in an exchange of similar assets, are measured at the carrying value of the asset given up and no profit or loss is recognized.

### 1.4.3. Subsequent measurement.

Property, plant and equipment, is stated at cost, less accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite life.

CDM adopted the cost model for all classes of PPE except for Land and Buildings for which the fair value method has been adopted.

Land and buildings will be re-valued every five years commencing from 1 July 2007. Should the need arise, the valuations would be performed more regularly.

If an asset’s carrying amount is increased as a result of a revaluation, the increase shall be credited directly to a revaluation surplus. However, the increase shall be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

If an asset’s carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in surplus or deficit. However, the decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus included in net assets in respect of an item of property, plant and equipment will be transferred directly to accumulated surpluses or deficits when the asset is derecognised.



# Accounting Policies

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## 1.4 Property, plant and equipment (continued)

Any subsequent expenditure to any asset that increases the value of the asset is seen as an improvement and will be capitalised during the year in which such expenditure is incurred. Replacement costs or repairs that does not increase the value of any asset, will be expensed in the year such expenditure is incurred.

### 1.4.4 Depreciation

When components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment and are depreciated according to their different useful lives.

The depreciation charge for each year is recognized in surplus and deficit unless it is included in the carrying amount of another asset.

Assets held under finance leases are depreciated over the lower of the term of the lease period or the life expectancy of the asset.

Depreciation is calculated on cost less residual value, using the straight line method, over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated useful lives:

|                                 | Years |
|---------------------------------|-------|
| Buildings                       | 50    |
| Specialised vehicles            | 5-20  |
| Electricity                     | 5-30  |
| Motor vehicles                  | 5-10  |
| Water                           | 5-20  |
| Office equipment                | 2-10  |
| Sewerage                        | 15-20 |
| Furniture and fittings          | 7-15  |
| Bins and containers             | 5-10  |
| Specialised plant and equipment | 5-15  |
| Computer equipment              | 2-10  |

The residual value and the useful life of each asset are reviewed annually.

### 1.4.5. Impairment

The entity assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

# Accounting Policies

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## 1.4 Property, plant and equipment (continued)

### 1.4.6. Derecognition

The carrying amount of an item of property, plant and equipment shall be derecognised:

- (a) on disposal, or
- (b) when no future economic benefits or service potential are expected from its use or disposal.

### 1.4.7. Gains or losses

The gains and losses arising from the de-recognition of property, plant and equipment (difference between carrying amount less any revaluation surpluses and net disposal proceeds) are included in surplus or deficit.

## 1.5 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to the Revaluation Reserve. As revalued buildings are depreciated, the revaluation surplus is realised through a transfer of an equivalent amount from the revaluation reserve to the accumulated surplus. On disposal, the net revaluation surplus is transferred to the accumulated surplus while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

## 1.6 Provisions

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate shall be the effective interest rate. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

If the municipality has an onerous contract, the present obligation under the contract shall be recognized and measured as a provision.

## 1.7 Employee benefits

### 1.7.1 Defined contribution plans

Payments to defined contribution retirement benefit plans are charged to the Statement of Financial Performance as they fall due. Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the scheme is equivalent to those arising in a defined contribution retirement benefit plan.

### 1.7.2 Defined Benefits

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the Municipality for the remaining 70%. The medical aid contributions are charged to the Statement of Financial Performance as they fall due.

# Accounting Policies

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## 1.4 Property, plant and equipment (continued)

## Accounting Policies

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### 1.7 Employee benefits (continued)

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis on defined benefits contribution plans, unless exemption to do so has been obtained from the Registrar of Pension Funds.

The municipality's net obligation in respect of defined benefit retirement and post retirement plans are calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and any unrecognised past service costs and the fair value of any plan assets are deducted. The actuarial valuation is performed by an independent qualified actuary on a regular basis using the projected unit credit method. When the calculation results in a benefit to the municipality, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. The actuarial gain is transacted in full in the Statement of Financial Performance and not calculated and accounted for according to the "corridor" method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the Statement of Financial Performance on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the Statement of Financial Performance.

#### 1.7.3 Accrued Leave Pay

The leave pay accrual is calculated taking into account the actual number of days accrued and the remuneration as at 30 June.

#### 1.7.4 Other short term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

### 1.8 Leases

#### 1.8.1 Municipality as the lessee

Leases in terms of which the municipality assumes substantially all the risks and rewards of ownership are classified as finance leases and where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Upon initial recognition the finance leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments and the corresponding liabilities are raised. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred

Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

# Accounting Policies

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## 1.8 Leases (continued)

### 1.8.2 Municipality as the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

## 1.9 Investments

The Municipality classifies its investments as loans and receivables.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables, receivable within 12 months are included in cash and cash equivalents in the Statement of Financial Position.

Investments are initially measured at fair value and subsequently at amortised cost if material.

### 1.10 Inventories

Unsold properties are valued at the lower of cost and net realisable value. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

### 1.11 Trade and other Receivables

Accounts receivable are classified as "Loans and Receivables" and are initially recognized at fair value. Subsequent measurement is at amortised value if material. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

### 1.12 Trade and other payables

Trade and other payables are classified as "Liabilities at amortised cost" and are initially recognized at the fair value of the present obligation of a past event. Subsequent measurement is at amortised value if material.

### 1.13 Revenue

Revenue comprises the cost of the consideration received or receivable for the sale of goods and services in the ordinary course of the Municipality's activities. Revenue is measured at the fair value of the consideration received or receivable net of value added tax, estimated returns, rebates and discounts and after eliminated revenue within departments of the Municipality. Revenue is recognised as follows:

# Accounting Policies

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## 1.13 Revenue (continued)

### 1.13.1 Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when consumed. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when consumed and accrued accordingly.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from the Municipality and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Income collected on behalf of "principals" is recognised on a monthly basis once the income collected on behalf of the principal has been quantified. The income recognised is in terms of the agency agreement.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

All other revenue is recognised as it accrues.

### 1.13.2 Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Revenue from Regional Levies, both those based on turnover as well as those based on remuneration, is recognised on the payment due basis.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, at the cost of the consideration received or receivable.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to the municipality.

# Accounting Policies

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## 1.13 Revenue (continued)

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

## 1.14 **VAT**

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors and claimed from SARS once payment is made to a creditor.

The net VAT is either classified as “Loans and receivables” or “Financial liabilities at amortised cost”.

### 1.14.1 Measurement

Initial measurement is at cost Subsequent measurement is at amortised cost if material.

### 1.14.2 Derecognition

VAT is derecognised when the net payment is paid or received from SARS whichever is applicable when the VAT return is presented.

## 1.15 **Segmental Information**

The principal segments have been identified on a primary basis by classification of the revenue and expenditure and on a secondary basis by the classification of service of operations. The secondary basis is representative of the internal structure for both budgeting and management purposes.

## 1.16 **Grants in - aid**

The Council transfers money, from time to time, to individuals, organisations and other sectors of government in accordance with the Municipal Finance Management Act.

When making these transfers, CDM does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as an expense in the period that the events giving rise to the transfer occurred.

## 1.17 **Cash and Cash equivalents**

Cash includes cash on hand and cash with banks. Cash equivalents are short – term, liquid investments that are held with registered banking institutions with maturities of twelve months or less and are subject to an insignificant risk of change in value.

Cash and cash equivalents are classified as “Loans and Receivables” and are initially measured at cost. Subsequent measurement is at face value or if material at amortised value.

# Accounting Policies

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## 1.17 Cash and Cash equivalents (continued)

Investments are derecognised when withdrawn

## 1.18 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and detailed further in the notes to the financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## 1.19 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and detailed further in the notes to the financial statement, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## 1.20 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and detailed further in the notes to the financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## 1.21 Comparative information

Budget information in accordance with GRAP 1 has been provided in an annexure to these financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

## 1.22 Borrowing costs

Borrowing costs are recognised as incurred and expensed in the Statement of Financial Performance.



# Accounting Policies

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## 1.23 Investment property

### 1.23.1. Initial recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

### 1.23.2. Subsequent measurement - Fair Value model

Investment property is subsequently measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

Re-valuation will take place every five years commencing from 1 July 2007. Should the need arise, the valuations would be performed more regularly.

### 1.23.3. Depreciation

Depreciation is calculated using the straight line method, over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated useful lives:

|                                                                             |       |
|-----------------------------------------------------------------------------|-------|
|                                                                             | Years |
| Buildings                                                                   | 50    |
| The depreciation charge for each year is recognized in surplus and deficit. |       |

### 1.23.4. Impairment

The entity assesses at each statement of financial position date whether there is any indication that an investment property may be impaired. If any such indication exists, the entity estimates the recoverable amount of this property.

If there is any indication that an investment property may be impaired, the recoverable amount is estimated for the property. If it is not possible to estimate the recoverable amount of the property, the recoverable amount of the cash-generating unit of properties to which the property belongs is determined.

The recoverable amount of an investment property or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an investment property is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued investment property is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units.

Any reversal of an impairment loss of a revalued investment property is treated as a revaluation increase.

# Accounting Policies

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## 1.23 Investment property (continued)

### 1.23.5. Derecognition

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

### 1.23.6. Gains or losses

The gains and losses arising from the de-recognition of investment properties (difference between carrying amount less any revaluation surpluses and net disposal proceeds) are included in surplus or deficit.

## 1.24 Intangible assets

An asset is identified as an intangible asset when it:

is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or  
arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and  
the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost will be measured at fair value at the day of acquisition.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired, provision for impairment will be made.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

## 1.25 Financial instruments

The entity classifies financial assets and financial liabilities into the following categories:

- Financial assets: Loans and receivables
- Financial liabilities: at amortised cost

### Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

# Accounting Policies

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## 1.25 Financial instruments (continued)

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in profit or loss.

### Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

### Impairment of financial assets

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

### Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

### Derecognition

#### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset.

# Accounting Policies

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## 1.25 Financial instruments (continued)

### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

## 1.26 **Unutilised conditional grants**

### 1.26.1 Initial recognition

Unutilised conditional grants are reflected on the Statement of Financial Position as a Short-term Portion of Deferred Income. They represent unspent government grants, subsidies and contributions from the public. The following conditions are set for the creation and utilisation of these creditors:

- The grant received is initially recognised as cost as deferred income.
- Whenever an item of property, plant and equipment is funded from a Grant, an amount equal to the purchase price is transferred from the Deferred income account to the operating account on the Statement of Financial Performance as revenue.
- Whenever operational expenditure is funded from a Grant an amount equal to the expenditure is transferred from the Deferred income account Grant to the operating account on the Statement of Financial Performance as revenue to offset the expenditure which was expensed through the operating account.
- The cash which backs the unspent portion is invested until utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If the grant conditions indicate that interest is payable to donors then interest earned on unutilised conditional grants is allocated to the funds and is not recognised in the Statement of Financial Performance.
- The spent grant is classified as “Financial liabilities at amortised cost”.

### 1.26.2. Subsequent measurement

Deferred income unspent grants are subsequently measured at amortised cost if material.

### 1.26.3 Derecognition

Deferred income unspent grants are derecognised when the balance was expended per the conditions as set for a grant.

# Accounting Policies

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## 1.27 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

## 1.28 Effective interest rate

The entity uses the prime interest rate less 0.5% to discount future cash flows.

## 1.29 Consolidation of Kouga Development Agency (KDA)

The municipality has a 50% interest in The Kouga Development Agency (KDA) which was established in joint venture with the Kouga Municipality as a multi-jurisdictional service utility in terms of the Local Government Systems Act, 2000.

The consolidated annual financial statements reflecting the joint venture will be based on the equity method.

The annual financial statements of the controlling entity and its controlled entities used in the preparation of the consolidated annual financial statements are prepared on the same reporting date.

Adjustments are made when necessary to the annual financial statements of the controlled entities to bring their accounting policies in line with those of the controlling entity.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

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## **2. Changes in accounting policy**

There were no changes in accounting policies during the financial year.

## **3. New standards and interpretations**

### **3.1 Standards and Interpretations early adopted**

The municipality has chosen to early adopt the principles of the following standard:

GRAP 23 - Revenue from Non-Exchange Transactions (Taxes and Transfers) - The entire standard

All effective standards have been adopted during the prior year and no new standards have become effective during the period.

## **4. Long - Term Receivables**

|                                   |               |               |
|-----------------------------------|---------------|---------------|
| Loans to Kouga Local Municipality | 32,049        | 50,019        |
| Staff loans                       | 9,625         | 22,518        |
|                                   | <b>41,674</b> | <b>72,537</b> |

Classified as a financial asset: Loans and receivables and subsequently measured at amortised cost.

The loan to Kouga Local Municipality is unsecured, bears interest at 14.25% per annum and is repayable in 30 payments every six months.

Staff loans relates to study loans paid on behalf of employees to tertiary institutions for the furthering of the employees' development. These loans are repaid monthly in terms of the agreements with the applicable staff.

|                    |               |               |
|--------------------|---------------|---------------|
| Non-current assets | 21,051        | 54,566        |
| Current assets     | 20,623        | 17,971        |
|                    | <b>41,674</b> | <b>72,537</b> |

## **5. Trade and other receivables**

### **Trade and other receivables from exchange transactions**

|                          |               |               |
|--------------------------|---------------|---------------|
| Rates                    | 49,026        | 17,498        |
| Services                 | 469,727       | 218,469       |
| Rental                   | 6,160         | 1,882         |
| Salaries and Wages       | 42,256        | 47,687        |
| Accrued Rent             | 78,891        | 32,087        |
| Allowance for impairment | (548,618)     | (250,556)     |
|                          | <b>97,442</b> | <b>67,067</b> |

### **Trade and other receivables from non exchange transactions including taxes and transfers**

|                                                                   |                  |                  |
|-------------------------------------------------------------------|------------------|------------------|
| Levies                                                            | 1,192,178        | 1,504,098        |
| Department of Housing (Housing Schemes)                           | 9,225,234        | 8,026,342        |
| Nelson Mandela Bay Municipality Debtors Bank Deposits             | 2,310            | 8,989            |
| General                                                           | 3,228,592        | 4,895,370        |
| Pre-payments                                                      | -                | 3,282            |
|                                                                   | 13,648,314       | 14,438,081       |
| Allowance for Impairment                                          | (10,832,719)     | (12,670,122)     |
| <b>Trade and other Receivables from non exchange transactions</b> | <b>2,815,595</b> | <b>1,767,959</b> |

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### 5. Trade and other receivables (continued)

|                                                                                                          |                   |                   |
|----------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Allowance for impairment                                                                                 |                   |                   |
| Balance at beginning of year                                                                             | 12,920,679        | 11,365,160        |
| Restatement of the allowance for impairment.                                                             | (1,539,342)       | 1,555,518         |
| Total Impairment                                                                                         | <b>11,381,337</b> | <b>12,920,678</b> |
| Transferred Trade and other receivables from exchange transactions                                       | (548,618)         | (250,556)         |
| Transferred to Trade and other receivables from non exchange transactions including taxes and transfers. | (10,832,719)      | (12,670,122)      |
|                                                                                                          | <b>-</b>          | <b>-</b>          |

#### Levies: Ageing

|             |                  |                  |
|-------------|------------------|------------------|
| 0 - 90 Days | -                | 70,421           |
| + 90 Days   | 1,192,178        | 1,433,677        |
| Total       | <b>1,192,178</b> | <b>1,504,098</b> |

#### Services: Ageing

|             |                |                |
|-------------|----------------|----------------|
| 0 - 90 Days | 82,593         | 49,022         |
| + 90 Days   | 387,134        | 169,447        |
| Total       | <b>469,727</b> | <b>218,469</b> |

#### Rates : Ageing

|             |               |               |
|-------------|---------------|---------------|
| 0 - 90 Days | 811           | 2,018         |
| + 90 Days   | 48,215        | 15,480        |
| Total       | <b>49,026</b> | <b>17,498</b> |

#### Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2010, R2 657 037 (2009: R 1 458 782) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

|                   |           |           |
|-------------------|-----------|-----------|
| 1 month past due  | 2,499,650 | 1,168,535 |
| 2 months past due | 78,041    | 89,755    |
| 3 months past due | 79,346    | 200,492   |

#### Trade and other receivables impaired

As of 30 June 2010, trade and other receivables of R 11,381,337 (2009: R 12,920,677) were impaired and provided for.

The ageing of these receivables is as follows:

|               |            |            |
|---------------|------------|------------|
| 3 to 6 months | 302,723    | 150,616    |
| Over 6 months | 11,078,614 | 12,770,061 |

The financial assets have been classified as Loans and receivables at amortised cost.

No discounting was performed due to the short term nature of the receivables. For those receivables that are outside the normal terms, allowance for impairment was made. Impairment was made on collective assessment.

The fair value of trade and other receivables approximates their carrying amounts.

The RSC Levies are collected by the Nelson Mandela Bay Municipality on a contractual basis

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## **5. Trade and other receivables (continued)**

basis.

According to legislation passed during 2004/2005, the collection of RSC levies has been abolished effective 1 July 2006.

Terms of payment for accounts raised are determined in the credit control policy. This policy is exercised with caution when applied to parastatal organisations.

## **6. VAT**

|     |           |            |
|-----|-----------|------------|
| VAT | 4,352,189 | 18,573,652 |
|-----|-----------|------------|

All VAT returns have been submitted by the due dates throughout the year.

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

Included in the total VAT receivable amount of R18 573 652 for the prior year is an amount of R14 752 575.85. This related to a VAT claim processed during the last month of the financial year on flood damage grant funding.

No discounting was performed.

## **7. Deposits paid**

|                                 |               |               |
|---------------------------------|---------------|---------------|
| Deposits - Electricity          | 5,000         | 5,000         |
| Deposits - Parking              | 9,000         | 9,000         |
| Deposits - Rietbron Electricity | 500           | 500           |
| Deposits - Parking Grace Street | 810           | 810           |
| Deposits - Post Office          | 6,000         | 6,000         |
| Deposits - Health Department    | 3,700         | 3,700         |
|                                 | <b>25,010</b> | <b>25,010</b> |

## **8. Cash and cash equivalents**

Cash and cash equivalents consist of:

|                     |                    |                    |
|---------------------|--------------------|--------------------|
| Cash on hand        | 8,100              | 8,100              |
| Bank balances       | 20,998,929         | -                  |
| Short-term deposits | 345,699,552        | 416,370,218        |
| Bank overdraft      | -                  | (1,958,674)        |
|                     | <b>366,706,581</b> | <b>414,419,644</b> |
| Current assets      | 366,706,581        | 416,378,318        |
| Current liabilities | -                  | (1,958,674)        |
|                     | <b>366,706,581</b> | <b>414,419,644</b> |

## **Short -Term investments**

Cash and cash equivalents are classified as a financial asset under Loans and receivables at amortised cost.

No discounting was performed due to the short term nature of the cash turnover and the fact that all investments earned interest.

The fair value of cash and cash equivalents approximates their carrying amounts.



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### 8. Cash and cash equivalents (continued)

No cash deposits were ceded as collateral

The return on investments for 2010 fluctuated between 6.65% and 12.21%. (2009: 7.5% and 12.83%).

|                                 |                    |                    |
|---------------------------------|--------------------|--------------------|
| Interest on investments accrued | 1,699,552          | 3,370,217          |
| Cash deposits                   | 340,000,000        | 406,000,000        |
| Call Account Deposits           | 4,000,000          | 7,000,000          |
| <b>Total cash investments</b>   | <b>345,699,552</b> | <b>416,370,217</b> |

#### Allocation of external investments

Surplus cash is invested until used for specific purposes. Investments are allocated on the following basis:-

|                                                   |                    |                    |
|---------------------------------------------------|--------------------|--------------------|
| Post employment medical benefit.                  | 54,272,453         | 49,830,454         |
| Conditional Grants and Receipts (Deferred income) | 135,529,394        | 192,583,090        |
| Infrastructure projects from Levies               | 5,750,750          | 6,801,029          |
| Accrued leave pay                                 | 3,750,963          | 3,134,385          |
| Unappropriated surplus                            | 167,403,021        | 162,070,686        |
| <b>Total</b>                                      | <b>366,706,581</b> | <b>414,419,644</b> |

#### CDM has the following bank account

| Bank details |         |          |           | Bank statement balances |              | Cash book balances |              |
|--------------|---------|----------|-----------|-------------------------|--------------|--------------------|--------------|
|              |         |          |           | 30 June 2010            | 30 June 2009 | 30 June 2010       | 30 June 2009 |
| ABSA         |         |          | Limited   | 23,002,584              | 5,127,839    | 20,998,929         | (1,958,674)  |
| 32           | Govan   | Mbeki    | Avenue    |                         |              |                    |              |
| Port         |         |          | Elizabeth |                         |              |                    |              |
| Current      | Account | (Primary | account): |                         |              |                    |              |
| 1640-000-062 |         |          |           |                         |              |                    |              |

## Notes to the Annual Financial Statements

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### 9. Property, plant and equipment

|                                 | 2010                |                             |                   | 2009                |                             |                   |
|---------------------------------|---------------------|-----------------------------|-------------------|---------------------|-----------------------------|-------------------|
|                                 | Cost /<br>Valuation | Accumulated<br>depreciation | Carrying value    | Cost /<br>Valuation | Accumulated<br>depreciation | Carrying value    |
| Land                            | 38,076,100          | -                           | 38,076,100        | 39,438,800          | -                           | 39,438,800        |
| Buildings                       | 22,986,285          | -                           | 22,986,285        | 22,492,477          | (49,422)                    | 22,443,055        |
| Specialised Plant and machinery | 2,206,819           | (1,504,530)                 | 702,289           | 2,129,166           | (1,349,563)                 | 779,603           |
| Furniture and fixtures          | 1,612,549           | (448,932)                   | 1,163,617         | 1,379,834           | (393,353)                   | 986,481           |
| Motor vehicles                  | 11,385,935          | (4,090,314)                 | 7,295,621         | 9,310,760           | (3,018,395)                 | 6,292,365         |
| Office equipment                | 902,180             | (382,768)                   | 519,412           | 727,922             | (335,597)                   | 392,325           |
| Computer equipment              | 3,628,855           | (2,718,213)                 | 910,642           | 3,687,216           | (2,655,393)                 | 1,031,823         |
| Electricity Infrastructure      | 280,254             | (197,077)                   | 83,177            | 280,254             | (170,592)                   | 109,662           |
| Bins and containers             | 10,821              | (9,739)                     | 1,082             | 10,821              | (9,739)                     | 1,082             |
| Specialised vehicles            | 1,121,352           | (334,829)                   | 786,523           | 1,011,307           | (266,912)                   | 744,395           |
| Water distribution              | 162,893             | (111,961)                   | 50,932            | 162,893             | (96,215)                    | 66,678            |
| <b>Total</b>                    | <b>82,374,043</b>   | <b>(9,798,363)</b>          | <b>72,575,680</b> | <b>80,631,450</b>   | <b>(8,345,181)</b>          | <b>72,286,269</b> |

#### Reconciliation of property, plant and equipment - 2010

|                                 | Opening<br>balance | Additions        | Disposals          | Revaluations     | Depreciation       | Impairment<br>loss | Total             |
|---------------------------------|--------------------|------------------|--------------------|------------------|--------------------|--------------------|-------------------|
| Land                            | 39,438,800         | -                | (1,939,550)        | 576,850          | -                  | -                  | 38,076,100        |
| Buildings                       | 22,443,055         | -                | (60,269)           | 603,499          | -                  | -                  | 22,986,285        |
| Specialised Plant and machinery | 779,603            | 95,853           | (2,336)            | -                | (170,831)          | -                  | 702,289           |
| Furniture and fixtures          | 986,481            | 377,294          | (77,275)           | -                | (118,048)          | (4,835)            | 1,163,617         |
| Motor vehicles                  | 6,292,365          | 2,248,470        | -                  | -                | (1,075,672)        | (169,542)          | 7,295,621         |
| Office equipment                | 392,325            | 229,403          | (7,163)            | -                | (94,210)           | (943)              | 519,412           |
| Computer equipment              | 1,031,823          | 249,546          | (12,410)           | -                | (358,287)          | (30)               | 910,642           |
| Electricity Infrastructure      | 109,662            | -                | -                  | -                | (26,485)           | -                  | 83,177            |
| Bins and containers             | 1,082              | -                | -                  | -                | -                  | -                  | 1,082             |
| Specialised vehicles            | 744,395            | 110,044          | -                  | -                | (67,916)           | -                  | 786,523           |
| Water distribution              | 66,678             | -                | -                  | -                | (15,746)           | -                  | 50,932            |
|                                 | <b>72,286,269</b>  | <b>3,310,610</b> | <b>(2,099,003)</b> | <b>1,180,349</b> | <b>(1,927,195)</b> | <b>(175,350)</b>   | <b>72,575,680</b> |

## Notes to the Annual Financial Statements

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### 9. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2009

|                                 | Opening balance   | Additions        | Disposals          | Revaluations      | Depreciation       | Impairment loss  | Total             |
|---------------------------------|-------------------|------------------|--------------------|-------------------|--------------------|------------------|-------------------|
| Land                            | 27,253,800        | -                | -                  | 12,185,000        | -                  | -                | 39,438,800        |
| Buildings                       | 19,563,388        | -                | -                  | 2,904,688         | (25,021)           | -                | 22,443,055        |
| Specialised Plant and machinery | 867,701           | 223,998          | (35,071)           | -                 | (275,519)          | (1,506)          | 779,603           |
| Furniture and fixtures          | 1,138,123         | 152,963          | (93,218)           | -                 | (131,895)          | (79,492)         | 986,481           |
| Motor vehicles                  | 4,546,600         | 4,229,647        | (1,272,764)        | -                 | (1,098,316)        | (112,802)        | 6,292,365         |
| Office equipment                | 440,570           | 174,506          | (19,921)           | -                 | (186,462)          | (16,368)         | 392,325           |
| Computer equipment              | 1,473,932         | 340,784          | (84,040)           | -                 | (625,986)          | (72,867)         | 1,031,823         |
| Electricity Infrastructure      | 134,325           | -                | -                  | -                 | (24,663)           | -                | 109,662           |
| Bins and containers             | 1,804             | -                | -                  | -                 | (722)              | -                | 1,082             |
| Specialised vehicles            | 328,166           | 488,836          | (1,499)            | -                 | (71,108)           | -                | 744,395           |
| Water distribution              | 82,424            | -                | -                  | -                 | (15,746)           | -                | 66,678            |
|                                 | <b>55,830,833</b> | <b>5,610,734</b> | <b>(1,506,513)</b> | <b>15,089,688</b> | <b>(2,455,438)</b> | <b>(283,035)</b> | <b>72,286,269</b> |

#### Revaluations

Carrying amount of property, plant and equipment retired from active use amounts to R5 738.

Land and buildings were valued at 30 June 2010 on the basis of willing buyer and willing seller by Suid Kaap Waardeerders, a registered and independent valuator. A register is available for inspection at the Cacadu District Municipality Head Office in Govan Mbeki Avenue, Port Elizabeth.

The carrying value of properties are measured at fair value as these properties were taken at fair value and not at cost. The carrying value of these properties, if measured under the cost model, could not be calculated.

Refer appendix B for more details.

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## 9. Property, plant and equipment (continued)

### Disposals/ Transfers of Property, Plant and Equipment.

Council has previously resolved to transfer Transnet Houses to the occupants on receipt of all outstanding tariffs and charges. During the year land and buildings to the value of R2 455 820 were transferred.

During the year other property, plant and equipment was donated to local municipalities and other institutions to the value of R100 368.

### Assets subject to finance lease (Net carrying amount)

|                                 |        |        |
|---------------------------------|--------|--------|
| Specialised Plant and Equipment | 35,862 | 73,696 |
|---------------------------------|--------|--------|

## 10. Long Term Liabilities

The total of the present value of the future minimum lease payments at the balance sheet date for Finance Leases are :

|                                                      |                |               |
|------------------------------------------------------|----------------|---------------|
| - within one year                                    | 87,173         | 52,392        |
| - Later than one year, but not later than five years | 21,890         | 42,195        |
|                                                      | <b>109,063</b> | <b>94,587</b> |
| Non-current liabilities                              | 21,890         | 42,195        |
| Current liabilities                                  | 87,173         | 52,392        |
|                                                      | <b>109,063</b> | <b>94,587</b> |

As no inherent interest rate to the contract could be determined, the incremental borrowing rate equal to the prime rate applicable at inception date was applied, and is currently repayable in monthly installments of R7 958 per month.

The discounting rate was based on prime rate at the date of inception. All finance leases have a 0% escalation.

The contract with Sharp for a Photostat machine has no renewal period and is rented month by month after the end of the contract until a 30 day notice period is given for collection.

The Gestetner and Panasonic contracts both (for Photostat machines) have a 90 days notice period for termination of the contract. The renewal policy for Gestetner is on a month to month basis and for Panasonic on an annual basis. During the year, the Gestetner contract was renewed for a further year.

Detailed information is available on Appendix A.

## 11. Deferred Income

### Deferred income

#### Conditional grants and receipts

|                                   |            |            |
|-----------------------------------|------------|------------|
| - National Government Grants      | 98,357,133 | 96,166,448 |
| - Provincial Grants and subsidies | 32,546,384 | 85,002,959 |

#### Conditional Third party Grants from Government

|                                                             |               |               |
|-------------------------------------------------------------|---------------|---------------|
| - Provincial Grants and subsidies - 3rd party               | 4,625,877     | 9,443,847     |
| - Other                                                     | -             | 1,969,836     |
| Total Conditional Grants and Subsidies                      | 135,529,394   | 192,583,090   |
| Less: Short term portion transferred to current liabilities | (135,529,394) | (192,583,090) |

|                                  |          |          |
|----------------------------------|----------|----------|
| <b>Long Term Deferred Income</b> | <b>-</b> | <b>-</b> |
|----------------------------------|----------|----------|

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## **11. Deferred Income (continued)**

A complete list of all conditions are available at the Cacadu District Municipality during office hours.

See Appendix F for a reconciliation of grants from National / Provincial Government. These amounts are fully invested until utilised.

## **12. Trade and other payables from exchange transactions**

|                                          |                   |                   |
|------------------------------------------|-------------------|-------------------|
| Trade payables                           | 1,702,072         | 215,288           |
| Sundry Creditors                         | 163,902           | 144,764           |
| Accruals                                 | 8,204,003         | 11,733,597        |
| Employee Costs                           | 383,371           | 387,121           |
| Payments in advance - RSC Levies         | -                 | 1,841             |
| Payments in advance - Other              | 3,359             | 9,214             |
| Payments in advance - DMA Rates          | 53,309            | 17,213            |
| Payments in Advance - DMA Rates Interest | 12                | 245               |
| Payments in Advance - Service Debtors    | 4,968             | 5,288             |
| Unidentified Deposits                    | -                 | 41,407            |
| Accrued leave pay *                      | 3,750,963         | 3,134,385         |
| Infrastructure Projects from Levies      | 5,750,750         | 6,801,028         |
|                                          | <b>20,016,709</b> | <b>22,491,391</b> |

\* Not financial liabilities.

Normal terms of payment is 30 days and no amortisation was calculated.

The carrying amount of financial liabilities approximates their fair value due to their short-term nature except as detailed hereunder.

The employee costs reconciliation included long outstanding reconciling items that dated back as far as 2002. These reconciling items have been taken to accumulated surplus to the value of R138 690.

The sundry creditors reconciliation included long outstanding reconciling items that dated back as far as 2008. These reconciling items have been taken to revenue to the value of R84 335.

## **13. Provisions**

Reconciliation of provisions - 2010

|                               | Opening<br>Balance | Additions      | Utilised during<br>the year | Reversed<br>during the year | Total          |
|-------------------------------|--------------------|----------------|-----------------------------|-----------------------------|----------------|
| Performance Bonus             | 150,716            | 206,994        | (43,885)                    | (106,831)                   | 206,994        |
| Long service Bonus            | 24,856             | 175,706        | -                           | -                           | 200,562        |
| <b>Balance at end of year</b> | <b>175,572</b>     | <b>382,700</b> | <b>(43,885)</b>             | <b>(106,831)</b>            | <b>407,556</b> |

## **14. Post Employment Medical Benefit**

Post Employment Medical Benefit

|                                                                     |                    |                    |
|---------------------------------------------------------------------|--------------------|--------------------|
| Provision for Post Employment Medical Benefit                       | 54,272,472         | 49,830,454         |
| Short term portion of Provision for Post Employment Medical Benefit | <b>(3,114,384)</b> | <b>(2,916,602)</b> |
| <b>Total Non-Current Provisions</b>                                 | <b>51,158,088</b>  | <b>46,913,852</b>  |

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## **14. Post Employment Medical Benefit (continued)**

The District Municipality's net obligation in respect of post employment medical benefits was calculated by Arch Actuarial Consulting as at 30 June 2010. The provision was established for the purpose of generating interest that is utilised to fund the yearly medical scheme commitments in respect of post employment medical benefits. The expected future outflows is dependent upon the life expectancy of existing members and their spouses.

117 Principle members are currently covered by the fund (2009: 190 Total members (Principle plus dependents))

### Valuation Method

#### Pre-Retirement Benefit

The death in-service benefit is regarded as a post-employment liability under the requirements of IAS 19.

#### Post Retirement Benefits

The method of accrual that has been used in the valuation is based on the length of service at the valuation date relative to total potential service until the expected retirement date. The future service liability is the difference between the total liability and the past - service liability.

#### Accrued defined benefit obligation

The accrued liability is the value of the employer's share of the contribution - based liability.

#### Current Service Cost

The Current Service Cost for the following year is determined as the amount assumed to accrue to the member over the next twelve months.

### Valuation Assumptions

#### Rate of Interest

Medical Aid Inflation Rate 7.32% p.a.

Investment Return 8.82% p.a.

The discount rate was deduced from the yield curve obtained from the Bond Exchange of South Africa after the market closed on 21 June 2010. This rate does not reflect any adjustment for taxation.

A Health Care inflation rate of 7.32% has been assumed. This is 1.75% in excess of expected CPI inflation over the expected term of the liability, namely 5.57%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 1.40%, which derives from  $(8.82\% - 7.32\%) / 1.0732$ .

The expected inflation assumption of 5.57% was obtained from the differential between market yields on index - linked bonds consistent with the estimated term of the liabilities (2.61%) and those of nominal bonds (8.82%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows:  $(8.82\% - 0.50\% - 2.61\%) / 1.0261$ .

The next contribution increase was assumed to occur with effect from 1 January 2011.

#### Mortality Rates

Mortality for pre-retirement benefits has been based on the SA 85-90 mortality table rated down three years for females and on the PA (90) -1 ultimate mortality table for post retirement benefits.

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## 14. Post Employment Medical Benefit (continued)

### Normal Retirement Age

The Normal Retirement Ages for the Municipality are 65 years for male employees and 60 years for female employees. An average retirement age of 63 years for male employees and 58 years for female employees has been assumed.

### Family Profile

It was assumed that 95% of those in - service members who remain on the health care arrangements will be married at retirement. Further, it has been assumed that in - service husbands will be four years older than their wives. For current retiree members, actual marital status was used and the potential for remarriage was ignored.

The movement in the post employment medical benefit is reconciled as follows:-

|                                                        |                   |                   |
|--------------------------------------------------------|-------------------|-------------------|
| Balance at beginning of year                           | 49,830,454        | 47,110,017        |
| Expected benefit Payments                              | (3,016,664)       | (2,916,602)       |
| Reflected on the statement of financial performance:   |                   |                   |
| - Current service cost - included in general expenses. | 199,373           | 164,492           |
| - Interest Cost                                        | 5,695,008         | 5,472,547         |
| - Actuarial (Gain)/loss                                | 1,564,301         | -                 |
| <b>Balance at end of year</b>                          | <b>54,272,472</b> | <b>49,830,454</b> |

The estimated expected timing of resulting outflows of post employment medical benefits are:

|                                                |                   |                   |
|------------------------------------------------|-------------------|-------------------|
| Within one year                                | 3,114,384         | 3,388,100         |
| Later than one year, not later than five years | 14,905,285        | 17,399,782        |
| Later than five years                          | 36,252,803        | 29,042,572        |
| <b>Balance at end of year</b>                  | <b>54,272,472</b> | <b>49,830,454</b> |

The present value of the defined benefit obligation for the current annual period compared to the previous annual periods are as follows:

|                          |              |
|--------------------------|--------------|
| Financial Period 2009/10 | R 54 272 471 |
| Financial Period 2008/09 | R 49 830 454 |
| Financial Period 2007/08 | R 47 110 017 |
| Financial Period 2006/07 | R 48 241 644 |
| Financial Period 2005/06 | R 49 461 662 |

### Accumulative Actuarial (Gain) / Loss

|                           |           |   |
|---------------------------|-----------|---|
| Projected during the year | 1,564,301 | - |
|---------------------------|-----------|---|

There was no actuarial gain/loss for 2008/2009.

### Withdrawals

Withdrawals from employment were taken into account according to the following table:

| Age | Females | Males |
|-----|---------|-------|
| 20  | 10%     | 10%   |
| 25  | 10%     | 10%   |
| 30  | 7%      | 7%    |
| 35  | 7%      | 7%    |
| 40  | 3%      | 3%    |
| 45  | 3%      | 3%    |
| 50+ | 0%      | 0%    |

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## **14. Post Employment Medical Benefit (continued)**

### **Medical Aid Contributions at Retirement**

It is assumed that 90% of the members will remain members of the medical aid scheme after retirement and that members would be in the same contribution category in all future years as on the valuation date.

The above assumptions are consistent with the assumptions used in the previous valuation done at 30 June 2008.

## **15. Revaluation Reserve**

Land and Buildings were valued at 30 June 2010 using the income capitalization, comparable sales of sectional title office developments and comparable sales methods by Suid Kaap Waardeerders, a registered and independent valuator.

The revaluation surplus is reconciled as follows:

|                                       |                   |                   |
|---------------------------------------|-------------------|-------------------|
| Balance at beginning of the year      | 59,376,104        | 43,923,916        |
| Revaluation during the year           | 1,180,349         | 15,452,188        |
| <b>Balance at the end of the year</b> | <b>60,556,453</b> | <b>59,376,104</b> |

## **16. Unappropriated surplus**

The unappropriated surplus is reserved for the following purpose:

|         |             |             |
|---------|-------------|-------------|
| General | 188,736,909 | 196,300,940 |
|---------|-------------|-------------|

The cash backed portion of the unappropriated surplus is ring fenced for the following purpose:

|                                                |                    |                    |
|------------------------------------------------|--------------------|--------------------|
| General                                        | 132,720,651        | 127,635,632        |
| Primary Health Care                            | 8,849,651          | 6,514,377          |
| Allowance for impairment                       | 10,832,719         | 12,920,677         |
| Restructuring grant funds allocated to surplus | 15,000,000         | 15,000,000         |
| <b></b>                                        | <b>167,403,021</b> | <b>162,070,686</b> |

## **17. Financial Instruments - Financial assets by category**

Financial Instruments are classified into the following categories:

Financial Assets: Loans and Receivables

Financial Liabilities: At amortised cost

The classification of financial instruments is determined at initial recognition based on the purpose for which the financial assets are acquired or liabilities assumed.



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## 17. Financial Instruments - Financial assets by category (continued)

2010

|                                                        | Loans and<br>receivables | Non financial<br>assets | Total              |
|--------------------------------------------------------|--------------------------|-------------------------|--------------------|
| Property, Plant and Equipment                          | -                        | 72,575,680              | 72,575,680         |
| Investment Properties                                  | -                        | 12,927,500              | 12,927,500         |
| Trade and other receivables from exchange transactions | 97,441                   | -                       | 97,441             |
| Other receivables from non-exchange transactions       | 2,815,595                | -                       | 2,815,595          |
| Deposits                                               | 25,010                   | -                       | 25,010             |
| VAT                                                    | 4,352,189                | -                       | 4,352,189          |
| Cash and Cash Equivalents                              | 366,706,581              | -                       | 366,706,581        |
| Long term Receivables                                  | 21,051                   | -                       | 21,051             |
| Short term portion of longterm receivables             | 20,623                   | -                       | 20,623             |
| Intangible assets                                      | -                        | 86,885                  | 86,885             |
|                                                        | <b>374,038,490</b>       | <b>85,590,065</b>       | <b>459,628,555</b> |

2009

|                                                        | Loans and<br>receivables | Non financial<br>assets | Total              |
|--------------------------------------------------------|--------------------------|-------------------------|--------------------|
| Property, Plant and Equipment                          | -                        | 72,286,269              | 72,286,269         |
| Investment Properties                                  | -                        | 13,640,000              | 13,640,000         |
| Trade and other receivables from exchange transactions | 67,067                   | -                       | 67,067             |
| Other receivables from non-exchange transactions       | 1,764,677                | 3,282                   | 1,767,959          |
| VAT                                                    | 18,573,652               | -                       | 18,573,652         |
| Cash and Cash Equivalents                              | 416,378,318              | -                       | 416,378,318        |
| Long term receivebales                                 | 54,566                   | -                       | 54,566             |
| Short term portion of long term receivables            | 17,971                   | -                       | 17,971             |
| Deposits                                               | 25,010                   | -                       | 25,010             |
|                                                        | <b>436,881,261</b>       | <b>85,929,551</b>       | <b>522,810,812</b> |

### Loans and receivables at amortised cost

|                        |                    |                    |
|------------------------|--------------------|--------------------|
| Opening balance        | 436,881,261        | 394,847,373        |
| Net other movements    | (62,842,771)       | 42,033,888         |
| <b>Closing balance</b> | <b>374,038,490</b> | <b>436,881,261</b> |

## 18. Financial Instruments :Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2010

|                                                           | Measured at<br>amortised cost | Non financial<br>liabilities | Total              |
|-----------------------------------------------------------|-------------------------------|------------------------------|--------------------|
| Long-term Liabilities                                     | 21,890                        | -                            | 21,890             |
| Post employment medical benefit                           | -                             | 51,158,088                   | 51,158,088         |
| Provisions                                                | -                             | 407,556                      | 407,556            |
| Trade and other payables                                  | 3,750,963                     | 16,265,746                   | 20,016,709         |
| Short term portion of Deferred Income                     | 135,529,394                   | -                            | 135,529,394        |
| Short term portion of Long term liabilities               | 87,173                        | -                            | 87,173             |
| Short term portion of the Post Employment Medical Benefit | -                             | 3,114,384                    | 3,114,384          |
|                                                           | <b>139,389,420</b>            | <b>70,945,774</b>            | <b>210,335,194</b> |

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## **19. Government grants and subsidies (continued)**

2009

|                                                       | Measured at<br>amortised cost | Non financial<br>liabilities | Total              |
|-------------------------------------------------------|-------------------------------|------------------------------|--------------------|
| Long term Liabilities                                 | 42,195                        | -                            | 42,195             |
| Post employment medical benefit                       | -                             | 46,913,852                   | 46,913,852         |
| Provisions                                            | -                             | 175,572                      | 175,572            |
| Trade and other payables from exchange transactions   | 3,134,385                     | 19,357,006                   | 22,491,391         |
| Short term portion of deferred income                 | 192,583,090                   | -                            | 192,583,090        |
| Short term portion of long term liabilities           | 52,392                        | -                            | 52,392             |
| Short term portion of Post Employment Medical Benefit | -                             | 2,916,602                    | 2,916,602          |
| Bank overdraft                                        | 1,958,674                     | -                            | 1,958,674          |
|                                                       | <b>197,770,736</b>            | <b>69,363,032</b>            | <b>267,133,768</b> |

### Financial liabilities at amortised cost

|                        |                    |                    |
|------------------------|--------------------|--------------------|
| Opening balance        | 197,770,736        | 204,044,432        |
| Net other movements    | (58,381,316)       | (6,273,696)        |
| <b>Closing balance</b> | <b>139,389,420</b> | <b>197,770,736</b> |

## **19. Government grants and subsidies**

### Government grants

|                 |            |            |
|-----------------|------------|------------|
| Equitable Share | 63,645,546 | 57,438,471 |
|-----------------|------------|------------|

### Provincial subsidies

|                                                          |                  |                  |
|----------------------------------------------------------|------------------|------------------|
| Contribution to Retirement benefits - (Roads pensioners) | 3,232,914        | 3,015,904        |
| Environmental Health                                     | -                | 4,526,388        |
| <b>Total Provincial Subsidies</b>                        | <b>3,232,914</b> | <b>7,542,292</b> |

|                                                |            |            |
|------------------------------------------------|------------|------------|
| Total Government Grants and Subsidies received | 66,878,460 | 64,980,763 |
|------------------------------------------------|------------|------------|

|                                                                          |             |             |
|--------------------------------------------------------------------------|-------------|-------------|
| National/Provincial Government Grant funding (expenditure reimbursement) | 213,930,089 | 105,289,689 |
| PHB Debtor                                                               | -           | 535,369     |
| Assets financed from grants                                              | 457,100     | 172,175     |
| Sundries                                                                 | -           | 112,632     |
| Direct Transfers -                                                       |             |             |
| - Ambulance                                                              | -           | (304,158)   |
| - Free Basic Service                                                     | -           | (1,000)     |
| - Primary Health Care                                                    | -           | 26,414,124  |
| - Transferred to Health                                                  | -           | (1,442,075) |

|                                                                                 |                    |                    |
|---------------------------------------------------------------------------------|--------------------|--------------------|
| <b>Total national/provincial government grants (expenditure reimbursements)</b> | <b>214,387,189</b> | <b>130,776,756</b> |
|---------------------------------------------------------------------------------|--------------------|--------------------|

|                                       |             |             |
|---------------------------------------|-------------|-------------|
| Total Government Grants and Subsidies | 281,265,649 | 195,757,519 |
|---------------------------------------|-------------|-------------|

### Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic and administrative services to the DMA and Rietbron. The balance is used to supplement the Municipality's revenue as discretionary income is insufficient.

### DORA

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

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## **19. Government grants and subsidies (continued)**

National Treasury: Circular 48

The municipality has received confirmation from the National Treasury that no unspent grant money would need to be repaid in respect of the previous financial periods.

Refer to appendix F for additional information.

## **20. Total Revenue - includes**

### Other revenue:

|                                                                     |                  |                  |
|---------------------------------------------------------------------|------------------|------------------|
| Bad debts recovered                                                 | -                | 2,068,136        |
| Contribution from skill development fund                            | 209,118          | 174,825          |
| Printing costs recovered                                            | 808,477          | 589,203          |
| Infrastructure projects funded from infrastructure contingency fund | 1,050,279        | 1,143,251        |
| Other                                                               | 533,487          | 486,391          |
| <b>Total other Revenue</b>                                          | <b>2,601,361</b> | <b>4,461,806</b> |

### Revenue from Exchange Transactions

|                                                            |                   |                   |
|------------------------------------------------------------|-------------------|-------------------|
| Tariffs and Charges                                        | 239,970           | 226,782           |
| Property Rates                                             | 174,301           | 30,869            |
| Rental                                                     | 991,168           | 868,309           |
| Investment Interest                                        | 30,800,701        | 42,737,659        |
| Other Interest                                             | 17,730            | 223,693           |
| Income from Agency Services                                | 29,698            | 27,193            |
| <b>Total revenue from exchange transactions (Excl VAT)</b> | <b>32,253,568</b> | <b>44,114,505</b> |

### Revenue from Non Exchange Transactions

|                                                                  |                    |                    |
|------------------------------------------------------------------|--------------------|--------------------|
| Government Grants and Subsidies                                  | 281,265,649        | 195,757,519        |
| Fair Value Gain on Revaluation of Investment Property            | -                  | 9,694,500          |
| Reduction in provision for debt impairment                       | 1,539,342          | -                  |
| Other Revenue                                                    | 2,601,361          | 4,461,806          |
| <b>Total revenue from non exchange transactions (Excl. VAT)</b>  | <b>285,406,352</b> | <b>209,913,825</b> |
| <b>Total revenue from exchange and non exchange transactions</b> | <b>317,659,920</b> | <b>254,028,330</b> |

### Reflected as:

|                                                                  |                    |                    |
|------------------------------------------------------------------|--------------------|--------------------|
| Revenue                                                          | 1,405,439          | 1,125,960          |
| Other income                                                     | 316,254,481        | 252,902,370        |
| <b>Total revenue from exchange and non exchange transactions</b> | <b>317,659,920</b> | <b>254,028,330</b> |

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## **21. Employee costs**

|                                             |                   |                   |
|---------------------------------------------|-------------------|-------------------|
| Basic                                       | 30,427,992        | 27,558,709        |
| Remuneration of Councillors (Refer Note 22) | 4,538,969         | 4,472,291         |
| <b>Total Employee Costs</b>                 | <b>34,966,961</b> | <b>32,031,000</b> |

Set out below are the details for remuneration for Directorate Heads:

### Remuneration of Municipal Manager

|                     |                |                |
|---------------------|----------------|----------------|
| Annual Remuneration | 762,123        | 729,161        |
| Car Allowance       | 156,000        | 156,000        |
|                     | <u>918,123</u> | <u>885,161</u> |

### Remuneration of the Director Finance and Corporate Services

|                     |                |                |
|---------------------|----------------|----------------|
| Annual Remuneration | 672,379        | 627,693        |
| Car Allowance       | 144,000        | 144,000        |
| Performance Bonuses | 43,885         | 35,217         |
|                     | <u>860,264</u> | <u>806,910</u> |

### Remuneration of the Director Health Services

|                     |                |                |
|---------------------|----------------|----------------|
| Annual Remuneration | 740,441        | 410,578        |
| Car Allowance       | 96,000         | 96,000         |
|                     | <u>836,441</u> | <u>506,578</u> |

### Remuneration of the Director Infrastructure Services and Planning

|                     |                |                |
|---------------------|----------------|----------------|
| Annual Remuneration | 705,856        | 667,411        |
| Car Allowance       | 100,000        | 100,000        |
|                     | <u>805,856</u> | <u>767,411</u> |

### Remuneration of the Director Economic Development

|                     |                |                |
|---------------------|----------------|----------------|
| Annual Remuneration | 677,857        | 646,533        |
| Car Allowance       | 140,004        | 140,004        |
|                     | <u>817,861</u> | <u>786,537</u> |

## **22. Remuneration of councillors**

|                           |                  |                  |
|---------------------------|------------------|------------------|
| Mayoral Committee Members | 2,892,253        | 2,766,718        |
| Speaker                   | 483,326          | 465,243          |
| Councillors               | 1,163,390        | 1,240,330        |
|                           | <u>4,538,969</u> | <u>4,472,291</u> |

### In-kind benefits

The Executive Mayor and the Mayoral Committee Members are full time and are provided with offices and secretarial support at the cost of the Council.

The Executive Mayor has use of a Council owned vehicle for official duties.

## **23. Finance costs**

|                |                |                |
|----------------|----------------|----------------|
| Finance leases | <u>109,968</u> | <u>152,155</u> |
|----------------|----------------|----------------|

Refer to note 10 for more information.

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### **24. Bulk purchases**

|                       |        |        |
|-----------------------|--------|--------|
| Water purchases - DMA | 12,621 | 12,621 |
|-----------------------|--------|--------|

### **25. Conditional Grants Expenditure and other Grants and Subsidies paid**

Disclosed in the statement of Financial performance

|                                                                                 |                    |                    |
|---------------------------------------------------------------------------------|--------------------|--------------------|
| Under Conditional Grant expenditure                                             | 211,688,220        | 126,611,263        |
| Under Salaries and Wages                                                        | 500,665            | 438,144            |
| Under General Expenses                                                          | 31,093             | 28,193             |
| Under Salaries maintenance and general (Disaster management operating expenses) | 1,000,000          | 1,000,000          |
| Total Conditional Grants and Subsidies paid                                     | <b>213,219,978</b> | <b>128,077,600</b> |

Grants and subsidies paid from own and unconditional grant funding:

|                                             |                  |                  |
|---------------------------------------------|------------------|------------------|
| Sundries                                    | 3,288,034        | 3,003,230        |
| Environmental Health Subsidies              | 5,857,552        | 5,889,964        |
| Total Conditional Grants and Subsidies paid | <b>9,145,586</b> | <b>8,893,194</b> |

### **26. Restatement of prior year errors**

Adjustments to surplus opening balance 2009:

|                            |                  |
|----------------------------|------------------|
| Levies adjusted            | 189,759          |
| General Expenses Adjusted  | 856,942          |
| Employee Costs Adjusted    | 170,538          |
| Grant expenditure Adjusted | (949)            |
| Rental income Adjusted     | (4,456)          |
| Grant income Adjusted      | (1,594)          |
| Service income Adjusted    | 780              |
|                            | <b>1,211,020</b> |

Adjustments to Balance Sheet

|                                                            |                  |
|------------------------------------------------------------|------------------|
| VAT                                                        | 819,172          |
| Trade and other receivables from non exchange transactions | 471              |
| Deposits paid                                              | 3,700            |
| Cash and cash equivalents                                  | 6,514,377        |
| Property Plant and Equipment                               | (686,501)        |
| Investment Property                                        | 60,500           |
| Deferred Income                                            | (810,700)        |
| Trade and other payables from exchange transactions        | (2,104,729)      |
| Provisions                                                 | (24,856)         |
| Revaluation Reserve                                        | 324,000          |
|                                                            | <b>4,095,434</b> |

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### **26. Restatement of prior year errors (continued)**

Adjustments to surplus opening balance 2009:

During the year under review it was discovered that:

|                                                                                                                                                                                                               |           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Prior year expenditure correction - General Expenses - Koukamma LM service account received late and paid in the current financial year relating to prior year expenditure                                    | 276       |
| Prior year expenditure correction - General Expenses - Ikwezi LM service account received in the current year relating to previous financial year expenditure                                                 | 28,416    |
| Prior year expenditure correction - General Expenses - Received credit note from AON Insurers for Public Contractors Insurance paid in previous financial year.                                               | (27,379)  |
| Prior year expenditure correction - General Expenses - Returned cheques for AIDS volunteers                                                                                                                   | (21,000)  |
| Prior year expenditure correction - General Expenses - SALGA fees corrections - Health charged as part of CDM expenditure                                                                                     | (151,694) |
| Prior year expenditure correction - General Expenses - Concord corrections made on airport taxes                                                                                                              | (29,271)  |
| Prior year expenditure correction - General Expenses - Reversal of Cheque drawn for Koukamma LM for Environmental Health for services now performed by CDM                                                    | (282,910) |
| Prior year employee costs adjustments - Adjusting Workmans Compensation accrual as invoice received late                                                                                                      | 22,078    |
| Prior year employee costs adjustments - Reconciling balances older than two years written off                                                                                                                 | (217,702) |
| Prior year employee costs adjustments - SARS audit - Group life deductions done incorrectly. Additional costs corrected and paid over to SARS.                                                                | 366,162   |
| VAT - corrections i.r.o prior years - Conditional Grant Expenditure - SARS audit revealed double claims on expenditure, which resulted from confusion of the VAT auditors issuing two reports                 | 1,334,097 |
| Service income adjustments - Correction of Prior year income raised that should not have been raised at all                                                                                                   | 780       |
| Grant income - Grants recognised as income as all conditions have been met                                                                                                                                    | 8,469     |
| Prior year expenditure correction - General Expenses - Safety Deposit Box not charged in prior years                                                                                                          | 400       |
| Prior year expenditure correction - General Expenses - June 2009 maintenance contract expenditure for the Gestetner photostat machine processed in the current year as the debit order reflected in July 2009 | 5,630     |

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### **26. Restatement of prior year errors (continued)**

|                                                                                                                                                                         |                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Prior year expenditure correction - General Expenses - Reimbursement of expenditure incurred in prior year by DMA Manager - Claim submitted in current year             | 377                     |
| Grant Expenditure adjustment - Cheque issued no longer required - Cheque older than six months - Expense has been paid by First Auto.                                   | (949)                   |
| RSC Levy income adjustment - All income relates to prior periods as levies have been abolished                                                                          | 189,759                 |
| Rental income adjusted - correction of income raised for previous period not included in prior year accounts                                                            | (4,456)                 |
| Grant income adjusted - Transferred to Accumulated surplus as conditions have been met                                                                                  | (10,063)                |
| Grant expenditure adjusted - Inter entity transaction incorrectly recorded                                                                                              | (64,820)                |
| Deficit from equity accounted investments - Inter entity transaction incorrectly recorded                                                                               | 64,820                  |
| Net effect on the Accumulated surplus account                                                                                                                           | <b><u>1,211,020</u></b> |
| <b><u>Changes effecting the Balance Sheet</u></b>                                                                                                                       |                         |
| Property Plant and Equipment - Investment land incorrectly reflected as Property Plant and Equipment                                                                    | (362,500)               |
| Property Plant and Equipment - Assets incorrectly reflected as own property.                                                                                            | (324,000)               |
| Investment Property - Investment land incorrectly reflected as Property Plant and Equipment                                                                             | 362,500                 |
| Investment Property - Assets reflected as own property, but not registered in name of CDM                                                                               | (302,000)               |
| VAT - Health - Due to change in treatment of Primary Health Care from agency function to Grant funding, Vat on qualifying expenditure should be claimed                 | 819,172                 |
| Deposits - Health - Due to change in treatment of Primary Health Care from an agency function to Grant funding, Deposits have not previously been recorded              | 3,700                   |
| Trade and other payables - Health - Due to change in treatment of Primary Health Care from an agency function to Grant funding, creditors were not previously reflected | (816,268)               |
| Deferred Income - Conditional grant funding recognised as income as the conditions of the grants have been met.                                                         | 8,471                   |
| Trade and Other Receivables from Non Exchange Transactions - Health - debtor balance not recorded in the prior year books of CDM                                        | 471                     |

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### **26. Restatement of prior year errors (continued)**

|                                                                                                                                                                                      |                         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Deferred Income - Health - VAT not previously claimed and therefore increases the Primary Health Care Grant Funding balance                                                          | (819,172)               |
| Trade and other payables - Health - Due to change in treatment of Primary Health Care from an agency function to Grant funding, accrued leave was not previously reflected           | (1,288,461)             |
| Provisions - Health - Due to change in treatment of Primary Health Care from an agency function to Grant funding, long service bonuses were not previously reflected                 | (24,856)                |
| Cash and Other Receivables - Health - Due to change in treatment of Primary Health Care from an agency function to Grant funding, the cash book balance was not previously reflected | 6,514,377               |
| Revaluation Reserve - Assets incorrectly reflected as own property which were previously reflected at fair value                                                                     | <u>324,000</u>          |
| Net effect of changes on the Balance Sheet                                                                                                                                           | <u><b>4,095,434</b></u> |



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### 26. Restatement of prior year errors (continued)

| Revenue                                               | 2009               | Restated<br>As Previously<br>Stated |
|-------------------------------------------------------|--------------------|-------------------------------------|
| Rental                                                | 868,309            | 863,853                             |
| Investment Interest                                   | 42,737,659         | 42,737,659                          |
| Other Interest                                        | 223,693            | 223,693                             |
| Income from agency services                           | 27,193             | 27,193                              |
| Government Grants and Subsidies                       | 195,757,519        | 196,173,123                         |
| Tariffs and charges                                   | 226,782            | 227,562                             |
| Property Rates                                        | 30,869             | 30,869                              |
| Fair Value Gain on Revaluation of Investment Property | 9,694,500          | 9,996,500                           |
| Other Revenue                                         | 4,461,806          | 4,651,569                           |
|                                                       | <b>254,028,330</b> | <b>254,932,021</b>                  |
| <u>Expenses</u>                                       |                    |                                     |
| Employee Related costs                                | 27,558,709         | 27,388,171                          |
| Remuneration of Councillors                           | 4,472,291          | 4,472,291                           |
| Contribution to bad debt provision                    | 1,555,518          | 1,555,518                           |
| Bad debts written off                                 | 1,423,769          | 1,423,769                           |
| Collection costs                                      | 119,130            | 119,130                             |
| Depreciation                                          | 2,455,438          | 2,455,438                           |
| Repairs and maintenance                               | 1,033,339          | 1,033,339                           |
| Finance costs                                         | 152,155            | 152,155                             |
| Bulk Services                                         | 12,621             | 12,621                              |
| Contracted services                                   | 3,115,212          | 3,115,212                           |
| Conditional Grant Expenditure                         | 126,611,263        | 127,037,879                         |
| Other Grants and Subsidies paid                       | 8,893,194          | 9,168,194                           |
| General Expenses - other                              | 44,443,815         | 43,028,766                          |
| Discounting of post retirement benefit obligation     | 5,472,548          | 5,472,548                           |
| Loss on disposal of property, plant and equipment     | 1,506,513          | 923,769                             |
| Impairment loss                                       | 283,035            | 283,035                             |
| Deficit from equity accounted investments             | 550,000            | 485,180                             |
|                                                       | <b>229,658,550</b> | <b>228,127,015</b>                  |
| <u>Surplus for the year</u>                           | <b>24,369,780</b>  | <b>26,805,006</b>                   |

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### **26. Restatement of prior year errors (continued)**

|                                                            | 2009<br>Restated   | 2009<br>As Previously<br>Stated |
|------------------------------------------------------------|--------------------|---------------------------------|
| <b><u>Assets</u></b>                                       |                    |                                 |
| <b><u>Current Assets</u></b>                               |                    |                                 |
| Short-term portion of long-term receivables                | 17,971             | 17,971                          |
| Trade and other receivables from exchange transactions     | 67,067             | 67,067                          |
| Trade and other receivables from non exchange transactions | 1,767,959          | 1,767,488                       |
| VAT                                                        | 18,573,652         | 17,754,480                      |
| Deposits paid                                              | 25,010             | 21,310                          |
| Cash and cash equivalents                                  | <u>416,378,318</u> | <u>416,378,318</u>              |
|                                                            | <u>436,829,977</u> | <u>436,006,634</u>              |
| <b><u>Non-Current Assets</u></b>                           |                    |                                 |
| Property, plant and equipment                              | 72,286,269         | 72,972,770                      |
| Long-term receivables                                      | 54,566             | 54,566                          |
| Investment property                                        | <u>13,640,000</u>  | <u>13,579,500</u>               |
|                                                            | <u>85,980,835</u>  | <u>86,606,836</u>               |
| <b><u>Total Assets</u></b>                                 | <u>522,810,812</u> | <u>522,613,470</u>              |
| <b><u>Liabilities</u></b>                                  |                    |                                 |
| <b><u>Current Liabilities</u></b>                          |                    |                                 |
| Long Term Liabilities                                      | 52,392             | 52,392                          |
| Deferred Income                                            | 192,583,090        | 191,772,385                     |
| Trade and other payables from exchange transactions        | 22,491,391         | 20,386,662                      |
| Provisions                                                 | 175,572            | 150,716                         |
| Short term portion of the post-employment medical benefit  | 2,916,602          | 2,916,602                       |
| Bank overdraft                                             | <u>1,958,674</u>   | <u>8,473,051</u>                |
|                                                            | <u>220,177,721</u> | <u>223,751,808</u>              |
| <b><u>Non-Current Liabilities</u></b>                      |                    |                                 |
| Long-term liabilities                                      | 42,195             | 42,195                          |
| Post-employment medical benefit                            | <u>46,913,852</u>  | <u>46,913,852</u>               |
|                                                            | <u>46,956,047</u>  | <u>46,956,047</u>               |
| <b><u>Total Liabilities</u></b>                            | <u>267,133,768</u> | <u>270,707,855</u>              |
| <b><u>Total assets less liabilities</u></b>                | <u>255,677,044</u> | <u>251,905,615</u>              |
| Revaluation reserve                                        | 59,376,104         | 59,700,104                      |
| Unappropriated surplus                                     | <u>196,300,940</u> | <u>192,205,511</u>              |
| <b><u>Total Net Assets</u></b>                             | <u>255,677,044</u> | <u>251,905,615</u>              |

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### **27. Cash used in operations**

|                                                                           |                            |                           |
|---------------------------------------------------------------------------|----------------------------|---------------------------|
| Surplus/ (Deficit) for the year                                           | (11,679,154)               | 24,369,779                |
| <u>Adjustments for:</u>                                                   |                            |                           |
| Depreciation                                                              | 1,927,195                  | 2,455,438                 |
| Loss/(Gain) on Disposal of property, plant and equipment                  | 2,099,003                  | 1,506,513                 |
| Bad debts written off                                                     | -                          | 1,423,769                 |
| Prior year correction - Purchases of assets from own funding              | (1,140,847)                | 1,140,847                 |
| Investment income                                                         | (30,818,431)               | (42,961,352)              |
| Finance costs                                                             | 109,968                    | 152,155                   |
| Fair value adjustments                                                    | 712,500                    | (9,694,500)               |
| Impairment loss                                                           | 175,351                    | 283,035                   |
| Discounting of Post Employment Medical Benefit Obligation                 | 5,695,008                  | 5,472,549                 |
| Loss / (Gain) on Actuarial valuation for post employment medical benefits | 1,564,301                  | -                         |
| Contributions to provisions                                               | 58,017                     | 175,572                   |
| Contribution to Health                                                    | -                          | (581,361)                 |
| Service cost                                                              | 199,372                    | 164,492                   |
| Prior year corrections                                                    | (1,573,522)                | 1,573,522                 |
| <u>Changes in working capital:</u>                                        |                            |                           |
| Trade and other receivables                                               | (1,078,477)                | 26,813                    |
| Deposits paid                                                             | -                          | (8,890)                   |
| Trade and other payables from exchange transactions                       | (2,474,682)                | (6,474,332)               |
| VAT                                                                       | 14,221,462                 | -                         |
| Deferred Income                                                           | (52,739,534)               | 15,166,966                |
| Direct transfer from Primary Health Care Surplus                          | 4,115,119                  | 4,388,963                 |
|                                                                           | <b><u>(70,627,351)</u></b> | <b><u>(1,420,022)</u></b> |

### **28. Finance Leases Reconciliation**

Cacadu District Municipality has external loans in the form of finance leases. Refer to Appendix A

### **29. Contingent Liability**

|                                                                                                                                                                                                                                         |                         |                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| A possible liability exists in respect of an obligation in terms of a development and construction contract. The pleadings in the case have not yet closed.                                                                             | 476,632                 | 476,632                 |
| A possible liability exists in respect of damages claimed for the loss of insurance payouts by a former employee due to late submission of claim documents.                                                                             | 268,320                 | 145,000                 |
| A possible liability exists in respect of duplicate VAT invoices being claimed in previous financial years based on a SARS audit. The findings of this audit is not finalised and it is uncertain as to what the final amount would be. | -                       | 1,700,249               |
| A possible liability exists in respect of damages claimed for the damage caused by a fire truck that collided with a train.                                                                                                             | 272,665                 | -                       |
|                                                                                                                                                                                                                                         | <b><u>1,017,617</u></b> | <b><u>2,321,881</u></b> |

### **30. Contingent Assets**

|                                                                                                                |                         |                         |
|----------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| A possible asset exists in respect of a claim in terms of defective workmanship and overpayment for work done. | <b><u>2,000,000</u></b> | <b><u>2,000,000</u></b> |
|----------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|

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## **31. Unauthorised, irregular, fruitless and wasteful expenditure**

### Unauthorised expenditure

No unauthorised expenditure was incurred in the current and previous financial years.

### Irregular, fruitless and wasteful expenditure

No irregular, fruitless or wasteful expenditure was incurred in the current and previous financial years.

## **32. Additional disclosure in terms of Municipal Finance Management Act**

### Contributions to SALGA

|                                        |           |           |
|----------------------------------------|-----------|-----------|
| Opening balance                        | -         | -         |
| Council subscription                   | 249,094   | 153,929   |
| Amount paid - current year             | (249,094) | (153,929) |
| Amount paid - previous years           | -         | -         |
| Balance unpaid (included in creditors) | -         | -         |

During the current year, it was noted that SALGA has charged fees based on incorrect budgeted figures for remuneration by including the remuneration for the Department of Health. A net credit totaling R151 694 was received for incorrect charges during the current year relating to the prior years' contribution. Refer note 26. The increase in the subscriptions for 2010 is as a result of an increase in the rate charged by SALGA as well as an increase in the budgeted remuneration amount.

### External Audit fees

|                                   |             |             |
|-----------------------------------|-------------|-------------|
| Current year audit fee            | 1,592,452   | 1,132,108   |
| Amount paid - current year        | (1,592,452) | (1,132,108) |
| Balance due (included in debtors) | -           | -           |

### PAYE and UIF

|                                 |              |             |
|---------------------------------|--------------|-------------|
| Opening balance                 | 362          | 9,714       |
| Current year payroll deductions | 9,414,090    | 7,678,656   |
| Amount paid - current year      | (9,412,090)  | (7,678,294) |
| Amount paid - previous years    | (362)        | (9,714)     |
|                                 | <b>2,000</b> | <b>362</b>  |

### Pension and Medical Aid Deductions

|                                                           |             |                 |
|-----------------------------------------------------------|-------------|-----------------|
| Opening balance                                           | (50,491)    | (50,391)        |
| Current year payroll deductions and Council Contributions | 2,109,576   | 2,911,501       |
| Amount paid - current year                                | (2,109,576) | (2,911,601)     |
| Amount paid - previous years                              | 50,491      | -               |
|                                                           | -           | <b>(50,491)</b> |

## **33. Capital Commitments**

No capital commitments existed during the year.

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## **34. Post Employment Benefit Information**

### Post Employment Medical Benefit

Provision is made for post employment medical benefits in the form of health care plans for eligible employees and pensioners.

### Retirement Fund Benefits

Employees and Council contribute to the Cape Joint Retirement Funds on the basis of a fixed contribution, which is charged against income as incurred.

## **35. In-kind donations and assistance**

Council has resolved to donate a long outstanding amount (previously raised as a debtor) in 2008 for expenditure incurred for the Department of Health. The amount of the grant in aid was R3 112 342.

## **36. Primary Health Care Services**

The District Municipality provides Primary Health Care services on behalf of the Eastern Cape Health department. During the previous financial year the council has resolved to terminate the agreement. The process has been initiated, but it is considered to be a lengthy process. The hand over is considered to be January 2011.

## **37. Risk management**

### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Stringent cash management procedures are in place. These include cash flow forecasting.

A sensitivity analysis has not been performed and included as the municipality is not exposed to foreign exchange risk or interest rate risk. The municipality does not enter into any foreign exchange transactions and since the municipality effect payment on presentation of invoice, no interest rate charges are applicable. It would thus be misleading to provide a sensitivity analysis.

The following table details the municipality's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The table includes both estimated interest and principal cash flows.

| At 30 June 2010          | 1-3 months | > 3 months  | Between 2 and 5 years | Over 5 years |
|--------------------------|------------|-------------|-----------------------|--------------|
| Trade and other payables | 9,378,560  | -           | -                     | -            |
| Other Payables           | -          | 140,271,399 | -                     | -            |
| At 30 June 2009          | 1-3 months | > 3 months  | Between 2 and 5 years | Over 5 years |
| Trade and other payables | 11,664,500 | -           | -                     | -            |
| Other Payables           | -          | 200,340,023 | -                     | -            |

### Interest rate risk

The current account and the call account expose the municipality to cash flow interest rate risk. Deposits attract interest at a rate that varies according to the prime banking rate.

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## **37. Risk management (continued)**

The municipality manages this interest rate risk by ensuring that all surplus funds are invested in fixed rate instruments and by maintaining the minimum possible balance in the current account.

The interest rates on the fixed deposits are fixed, but varies from investment to investment.

Should the prime rate vary by 1% either direction, the effect on the cash balance would be R3.5 million in each way.

### **Credit risk**

Credit risk consists mainly of cash deposits, cash equivalents and debtors. The Municipality only deposits cash with banks which have an equity above R 10 billion with a good credit rating.

The most significant concentration of credit risk is the outstanding RSC levy and Department of Housing (Housing Scheme) receivables.

Management believes that the Allowance for impairment adequately addresses the credit risk involved.

## **38. Actual operating expenditure versus budgeted operating expenditure**

Refer to Appendix E(1) for the comparison of actual operating expenditure versus budgeted expenditure.

## **39. Actual capital expenditure versus budgeted capital expenditure**

Refer to Appendix E(2) for the comparison of actual capital expenditure versus budgeted expenditure.

## **40. Events after the reporting date**

None

## **41. Compliance with chapter 11 of the Municipal Finance Management Act**

The Municipality has adopted a Supply Chain Management policy with effect from 1 January 2006 in accordance with the Act and applicable regulations. However, the Municipality has experienced difficulties in populating a comprehensive supplier database which is due to a poor response from potential suppliers. As a result the application of the regulations has not been fully implemented.

## **42. Related parties**

### **Kouga Development Agency**

The Kouga Development Agency (KDA) was established as a multi- jurisdictional service utility in terms of the Local Government Systems Act, 2000 in 2004 in a joint venture between the Cacadu District Municipality and the Kouga Local Municipality .

KDA, funded by the parent municipalities and the Industrial Development Corporation, aims to leverage public and private resources for development around opportunities which offer investment, employment, economic and development potential in the Kouga area.

CDM has made a contribution of R800 000 during the current financial year (2009: R550 000) towards the operating costs of KDA.

No other transaction was entered into with KDA.

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## **42. Related parties (continued)**

### Post retirement medical aid benefit plan

The municipality, as part of the conditions of service of employees, keeps on contributing its portion of the contributing members to medical aid funds at the retirement of these employees for as long as this member is alive and contributing his or her portion.

The medical aid schemes involved are as follows:

- Bonitas
- Hosmed/ Key Health
- LA Health
- Samwumed

Transactions with these schemes amounted to R1 873 748 (2009: R2 911 501)

### Councillors and employees

Councillors and employees have declared no interest or gain in or from any transaction entered into with CDM by any organisation or business.

The following interests in institutions have been declared, but no transactions have been entered into:

| <b>Staff Member/<br/>Councillor</b> | <b>Entity Number</b> | <b>Entity Name</b>                                           |
|-------------------------------------|----------------------|--------------------------------------------------------------|
| Mr Pillay                           | 1996/015970/08       | PE Regional Chamber of Commerce (Article 21 Company)         |
| Mrs Mama                            | 2006/005317/07       | Silver Falcon Trading 362 (Pty) Ltd                          |
| Mr Mama (Spouse)                    | 1994/060124/07       | Prudent Builders and Developers (Pty) Ltd                    |
| Mr Mama (Spouse)                    | 1995/092692/07       | Kwasa Human Resources Development and Facilitation (Pty) Ltd |
| Mr Mama (Spouse)                    | 1996/041772/23       | Phombili Motel CC                                            |
| Mr Mama (Spouse)                    | 1997/011132/07       | W & W assessors (Pty) Ltd                                    |
| Mr Mama (Spouse)                    | 2003/010988/07       | Rowan Tree 11 (Pty) Ltd                                      |
| Mr Mama (Spouse)                    | 2006/032140/07       | Siyathembana Trading 83 (Pty) Ltd                            |
| Mr Mama (Spouse)                    | 2007/010244/07       | Redelex 555 (Pty) Ltd                                        |
| Mr Mama (Spouse)                    | 2009/026575/23       | Nedtex 44 CC                                                 |
| Mr Mama (Spouse)                    | 2009/105263/23       | Lexitype CC                                                  |
| Mr and Mrs de Lange                 | 2008/228399/23       | Humerail Bed and Breakfast CC                                |

### Key management personnel

The following are persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of Cacadu District Municipality:

Executive Mayor  
Speaker  
Mayoral Committee members  
Councillors  
Municipal Manager  
Director: Infrastructure Services and Planning  
Director: Economic Development  
Director: Finance and Corporate Services  
Director: Health Services

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## 43. Key sources of estimated uncertainties

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

## 44. Investment property

|                     | 2010                |                             |                | 2009                |                             |                |
|---------------------|---------------------|-----------------------------|----------------|---------------------|-----------------------------|----------------|
|                     | Cost /<br>Valuation | Accumulated<br>depreciation | Carrying value | Cost /<br>Valuation | Accumulated<br>depreciation | Carrying value |
| Investment property | 12,927,500          | -                           | 12,927,500     | 13,640,000          | -                           | 13,640,000     |

### Reconciliation of investment property - 2010

|                     | Opening<br>balance | Fair value<br>adjustments | Total      |
|---------------------|--------------------|---------------------------|------------|
| Investment property | 13,640,000         | (712,500)                 | 12,927,500 |

### Reconciliation of investment property - 2009

|                     | Opening<br>balance | Fair value<br>adjustments | Total      |
|---------------------|--------------------|---------------------------|------------|
| Investment property | 3,945,500          | 9,694,500                 | 13,640,000 |

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the Cacadu District Municipality.

### Details of valuation

Investment Property was valued at 30 June 2010 on the basis of willing buyer and willing seller by Suid Kaap Waardeerders, a registered and independent valuator. A register is available for inspection at the Cacadu District Municipality Head Office in Govan Mbeki Avenue, Port Elizabeth.

## 45. Intangible assets

|                   | 2010                |                             |                | 2009                |                             |                |
|-------------------|---------------------|-----------------------------|----------------|---------------------|-----------------------------|----------------|
|                   | Cost /<br>Valuation | Accumulated<br>amortisation | Carrying value | Cost /<br>Valuation | Accumulated<br>amortisation | Carrying value |
| Computer software | 86,885              | -                           | 86,885         | -                   | -                           | -              |

### Reconciliation of intangible assets - 2010

|                   | Opening<br>balance | Additions | Total  |
|-------------------|--------------------|-----------|--------|
| Computer software | -                  | 86,885    | 86,885 |



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## **46. Interest in joint ventures**

| Name of entity                    | % holding<br>2010 | % holding<br>2009 | Carrying<br>amount 2010 | Carrying<br>amount 2009 |
|-----------------------------------|-------------------|-------------------|-------------------------|-------------------------|
| Kouga Development<br>Agency (KDA) | 50.00%            | 50.00%            | -                       | -                       |

An amount of R682 796 could not be recognised in 2010 (2009: R852 156) as the allocation would have resulted in the investment account to be negative.

## **47. Significant estimates and judgements**

The preparation of CDM's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

### Judgements

In the process of applying the municipality's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements

Bridging funding for housing projects is judged to be virtually irrecoverable from the Department of Provincial Housing due to problems locating and obtaining "happy letters" from participants in these projects. The amount of R9 225 234 (2009: R8 026 342) was included in the provision for bad debts.

RSC levy debtors are judged to be 100 % irrecoverable due to legislative problems in recovering the outstanding amounts and the abolition of the Act. Therefore provision was made for R1 192 178, (2009: R1 433 677) on the allowance for doubtful debts.

It is judged that service receivables from Rietbron are virtually irrecoverable due to the unemployment and poverty of the community. R416 787 (2009: R 161 519) was provided for and included in the allowance for doubtful debts.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

### Post Employment Medical Benefit

The cost of post employment medical benefit is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, medical aid inflation rate, future salary increases, mortality rates and future medical aid premiums, future subsidies payable to dependants, working life time of employees, gender and spouse assumptions and child dependence and withdrawals. Such estimates are subject to significant uncertainty relating actuarial assumptions. The net employee liability at 30 June 2010 is R54 272 471 (2009: R49 830 454). Further details are given in Note 4.

The effective interest rate for discounting was estimated at 0.5% below prime.

### Useful lives

## Notes to the Annual Financial Statements

Figures in Rand

2010

2009

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The estimates and associated assumptions are based on the historical experience and management's estimation of conditions. Limited changes were made to the useful lives of property, plant and equipment, as management mainly assessed that the estimated useful lives in the prior years, are still appropriate.

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### Residual values

Residual values of property, plant and equipment are based on the nature of the assets, quotes obtained from suppliers and management's estimation of condition. No changes were made to the useful lives of property, plant and equipment, as management assessed that the estimated residual values determined in the prior year, remained appropriate.

# Notes to the Annual Financial Statements

Figures in Rand

2010

2009

## **48. Standards of GRAP issued but not yet effective**

The following standards have been issued but are not yet effective:

GRAP 18: Segment reporting

GRAP 21: Impairment of non cash generating assets

GRAP 23: Revenue from Non exchange transactions (Taxes and Transfers)

GRAP 24: Presentation of budget information in the financial statements

GRAP 25: Employee Benefits

GRAP 26: Impairment of cash generating assets

GRAP 103: Heritage assets

GRAP 104: Financial Instruments

### GRAP 18: Segment reporting

As CDM is mainly in a supporting function to the municipalities within its jurisdiction the application of this standard is not expected to have a major impact on the accounting procedures and disclosures.

### GRAP 21: Impairment of non cash generating assets

A major portion of CDM's assets are non cash generating of nature and application of this standard will have an effect on the presentation of assets. But as there are no real major changes to applying IPSAS 21 the impact is not anticipated to be severe.

### GRAP 23: Revenue from Non exchange transactions (Taxes and Transfers)

A major portion of CDM's revenue consists of grants (transfers) and the principles of this standard has been practically adopted and applied as far as it relates to grants. No problems are anticipated when introducing this standard.

### GRAP 24: Presentation of budget information in the financial statements

The effect on the financial statements of introducing this standard do not seem to be serious as most of the principles in the standard is already applied or the information readily available.

### GRAP 25: Employee Benefits

The effect on the financial statements of introducing this standard do not seem to be serious as most of the principles in the standard is already applied or the information readily available.

### GRAP 26: Impairment of cash generating assets

The biggest problem here would seem to be the identification of such assets as the definition differs from IAS 36 and GRAP 26. The application does not differ greatly from IAS 36.

### GRAP 103: Heritage assets

Currently no heritage assets were identified for CDM.

### GRAP 104: Financial Instruments

The effect on the financial statements of introducing this standard do not seem to be serious as most of the principles in the standard is already applied or the information readily available

**Notes to the Annual Financial Statements**

Figures in Rand

2010

2009

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# CACADU DISTRICT MUNICIPALITY

## APPENDIX A

June 2010

### SCHEDULE OF FINANCE LEASES FOR THE YEAR ENDED 30 JUNE 2010

|                               | Loan Number | Redeemable | Balance at                | Finance                 | Payments      | Balance at                  | Net book value                    | Short term    | Present                                                                 |
|-------------------------------|-------------|------------|---------------------------|-------------------------|---------------|-----------------------------|-----------------------------------|---------------|-------------------------------------------------------------------------|
|                               |             |            | Tuesday, June<br>30, 2009 | charges for the<br>year | received      | Wednesday,<br>June 30, 2010 | of assets under<br>finance leases | portion       | value of<br>future min.<br>payments -<br>within 2 - 5<br>years)<br>Rand |
|                               |             |            | Rand                      | Rand                    | Rand          | Rand                        | Rand                              | Rand          |                                                                         |
| <b>FINANCE LEASES</b>         |             |            |                           |                         |               |                             |                                   |               |                                                                         |
| Photostat Machine - Gestetner | 1           | 10/31/2010 | 13,758                    | 101,387                 | 59,265        | 55,880                      | -                                 | 55,880        | -                                                                       |
| Photostat Machine - Panasonic | 2           | 04/30/2012 | 43,463                    | 4,861                   | 18,420        | 29,904                      | 35,862                            | 15,430        | 14,474                                                                  |
| Photostat Machine - Panasonic | 3           | 09/30/2011 | 19,781                    | 1,855                   | 10,020        | 11,616                      | -                                 | 9,157         | 2,458                                                                   |
| Photostat Machine - Sharp     | 4           | 02/28/2012 | 17,584                    | 1,867                   | 7,788         | 11,663                      | -                                 | 6,706         | 4,956                                                                   |
|                               |             |            | <b>94,586</b>             | <b>109,970</b>          | <b>95,493</b> | <b>109,063</b>              | <b>35,862</b>                     | <b>87,173</b> | <b>21,888</b>                                                           |

# CACADU DISTRICT MUNICIPALITY

## APPENDIX B

June 2010

### ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS AS AT 30 JUNE 2010

|                                   | Cost/Revaluation |                            |            |                         |                 | Accumulated Depreciation |              |              |                 |                |
|-----------------------------------|------------------|----------------------------|------------|-------------------------|-----------------|--------------------------|--------------|--------------|-----------------|----------------|
|                                   | Opening Balance  | Additions/<br>revaluations | Impairment | Disposals/<br>transfers | Closing Balance | Opening Balance          | Depreciation | Depr on sale | Closing Balance | Carrying Value |
|                                   | Rand             | Rand                       | Rand       | Rand                    | Rand            | Rand                     | Rand         |              | Rand            | Rand           |
| <b>land</b>                       |                  |                            |            |                         |                 |                          |              |              |                 |                |
| Investment Property               | 12,824,000       | -712,500                   | -          | -                       | 12,111,500      | -                        | -            | -            | -               | 12,111,500     |
| PPE                               | 39,438,800       | 576,850                    | -          | 1,939,550               | 38,076,100      | -                        | -            | -            | -               | 38,076,100     |
| <b>Buildings</b>                  |                  |                            |            |                         |                 |                          |              |              |                 |                |
| Investment Property               | 816,000          | -                          | -          | -                       | 816,000         | -                        | -            | -            | -               | 816,000        |
| PPE                               | 22,492,477       | 603,499                    | -          | 60,269                  | 23,035,707      | 49,422                   | -            | -            | 49,422          | 22,986,285     |
| <b>Furniture and fittings</b>     |                  |                            |            |                         |                 |                          |              |              |                 |                |
| PPE                               | 1,379,834        | 377,294                    | 4,835      | 139,745                 | 1,612,549       | 393,353                  | 118,048      | 62,470       | 448,932         | 1,163,617      |
| <b>Specialised vehicles</b>       |                  |                            |            |                         |                 |                          |              |              |                 |                |
| PPE                               | 1,011,308        | 110,043                    | -          | -                       | 1,121,351       | 266,913                  | 67,916       | -            | 334,829         | 786,522        |
| <b>Office equipment</b>           |                  |                            |            |                         |                 |                          |              |              |                 |                |
| PPE                               | 727,922          | 229,405                    | 943        | 54,203                  | 902,180         | 335,597                  | 94,210       | 47,039       | 382,768         | 519,413        |
| <b>Computer equipment</b>         |                  |                            |            |                         |                 |                          |              |              |                 |                |
| Intangible Asset                  | -                | 86,885                     | -          | -                       | 86,885          | -                        | -            | -            | -               | 86,885         |
| PPE                               | 3,687,216        | 249,547                    | 30         | 307,877                 | 3,628,855       | 2,655,393                | 358,287      | 295,467      | 2,718,213       | 910,642        |
| <b>Electricity infrastructure</b> |                  |                            |            |                         |                 |                          |              |              |                 |                |
| PPE                               | 280,254          | -                          | -          | -                       | 280,254         | 170,592                  | 26,484       | -            | 197,076         | 83,178         |
| <b>Bins and containers</b>        |                  |                            |            |                         |                 |                          |              |              |                 |                |
| PPE                               | 10,820           | -                          | -          | -                       | 10,820          | 9,738                    | -            | -            | 9,738           | 1,082          |
| <b>Motor vehicles</b>             |                  |                            |            |                         |                 |                          |              |              |                 |                |
| PPE - CDM - H/O                   | 6,074,706        | 1,714,349                  | 169,542    | 3,753                   | 7,615,760       | 2,448,733                | 583,285      | 3,753        | 3,028,265       | 4,587,495      |
| PPE - CDM - Health                | 3,236,055        | 534,120                    | -          | -                       | 3,770,175       | 569,662                  | 492,387      |              | 1,062,049       | 2,708,126      |

**Water**

|                                        |            |           |         |           |            |           |           |         |           |            |
|----------------------------------------|------------|-----------|---------|-----------|------------|-----------|-----------|---------|-----------|------------|
| PPE                                    | 162,893    | -         | -       | -         | 162,893    | 96,215    | 15,746    | -       | 111,962   | 50,932     |
| <b>Specialised plant and equipment</b> |            |           |         |           |            |           |           |         |           |            |
| PPE                                    | 2,129,166  | 95,853    | -       | 18,200    | 2,206,819  | 1,349,563 | 170,831   | 15,864  | 1,504,530 | 702,289    |
|                                        | 94,271,452 | 3,865,344 | 175,350 | 2,523,596 | 95,437,850 | 8,345,182 | 1,927,196 | 424,593 | 9,847,784 | 85,590,065 |
| <b>TOTAL</b>                           |            |           |         |           |            |           |           |         |           |            |
| Land                                   | 52,262,800 | -135,650  | -       | 1,939,550 | 50,187,600 | -         | -         | -       | -         | 50,187,600 |
| Buildings                              | 23,308,477 | 603,499   | -       | 60,269    | 23,851,707 | 49,422    | -         | -       | 49,422    | 23,802,285 |
| Furniture and fittings                 | 1,379,834  | 377,294   | 4,835   | 139,745   | 1,612,549  | 393,353   | 118,048   | 62,470  | 448,932   | 1,163,617  |
| Specialised vehicles                   | 1,011,308  | 110,043   | -       | -         | 1,121,351  | 266,913   | 67,916    | -       | 334,829   | 786,522    |
| Office equipment                       | 727,922    | 229,405   | 943     | 54,203    | 902,180    | 335,597   | 94,210    | 47,039  | 382,768   | 519,413    |
| Computer equipment                     | 3,687,216  | 336,432   | 30      | 307,877   | 3,715,740  | 2,655,393 | 358,287   | 295,467 | 2,718,213 | 997,527    |
| Electricity infrastructure             | 280,254    | -         | -       | -         | 280,254    | 170,592   | 26,484    | -       | 197,076   | 83,178     |
| Bins and containers                    | 10,820     | -         | -       | -         | 10,820     | 9,738     | -         | -       | 9,738     | 1,082      |
| Motor vehicles                         | 9,310,761  | 2,248,469 | 169,542 | 3,753     | 11,385,935 | 3,018,395 | 1,075,672 | 3,753   | 4,090,314 | 7,295,621  |
| Water Distribution                     | 162,893    | -         | -       | -         | 162,893    | 96,215    | 15,746    | -       | 111,962   | 50,932     |
| Specialised Plant and                  | 2,129,166  | 95,853    | -       | 18,200    | 2,206,819  | 1,349,563 | 170,831   | 15,864  | 1,504,530 | 702,289    |
| Total                                  | 94,271,452 | 3,865,344 | 175,350 | 2,523,596 | 95,437,850 | 8,345,182 | 1,927,196 | 424,593 | 9,847,784 | 85,590,065 |

CACADU DISTRICT MUNICIPALITY

APPENDIX C

June 2010

SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2010

Cost / Revaluations

Accumulated Depreciation

|                          | Opening<br>Balance<br>01 July 2009 | Revaluation    | Additions        | Impairment     | Disposals        | Closing<br>Balance<br>30 June<br>2010 | Opening<br>Balance<br>01 July<br>2009 | Depreciation     | Disposals      | Closing<br>Balance | Carrying<br>Value<br>30 June<br>2010 |
|--------------------------|------------------------------------|----------------|------------------|----------------|------------------|---------------------------------------|---------------------------------------|------------------|----------------|--------------------|--------------------------------------|
|                          | Rand                               | Rand           | Rand             | Rand           | Rand             | Rand                                  | Rand                                  | Rand             | Rand           | Rand               | Rand                                 |
| Electricity              | 265,254                            | -              | -                | -              | -                | 265,254                               | 157,842                               | 24,663           | -              | 182,505            | 82,749                               |
| Executive and Council    | 2,817,026                          | -              | 236,820          | 2,383          | 95,335           | 2,956,128                             | 1,258,263                             | 240,306          | 86,453         | 1,412,117          | 1,544,011                            |
| Finance and Admin        | 81,058,278                         | 467,849        | 1,388,132        | 3,288          | 2,272,786        | 80,638,185                            | 3,107,508                             | 468,615          | 239,136        | 3,336,987          | 77,301,199                           |
| Health                   | 3,236,055                          | -              | 534,120          | -              | -                | 3,770,175                             | 569,662                               | 492,387          | -              | 1,062,049          | 2,708,126                            |
| Housing                  | 62,675                             | -              | 9,443            | -              | 13,644           | 58,474                                | 48,654                                | 5,442            | 8,927          | 45,169             | 13,304                               |
| Planning and Development | 2,369,185                          | -              | 611,465          | 169,659        | 63,466           | 2,747,526                             | 1,460,148                             | 224,444          | 39,979         | 1,644,614          | 1,102,912                            |
| Public Safety            | 4,017,000                          | -              | 617,515          | 20             | 77,702           | 4,556,794                             | 1,456,509                             | 430,454          | 50,904         | 1,836,060          | 2,720,734                            |
| Roads                    | 266,005                            | -              | -                | -              | 2,601            | 263,404                               | 176,399                               | 24,683           | 1,487          | 199,595            | 63,809                               |
| Water                    | 179,973                            | -              | -                | -              | 601              | 179,373                               | 110,196                               | 16,202           | 247            | 126,151            | 53,221                               |
| <b>Total</b>             | <b>94,271,452</b>                  | <b>467,849</b> | <b>3,397,495</b> | <b>175,350</b> | <b>2,526,134</b> | <b>95,435,312</b>                     | <b>8,345,182</b>                      | <b>1,927,196</b> | <b>427,131</b> | <b>9,845,247</b>   | <b>85,590,065</b>                    |



# CACADU DISTRICT MUNICIPALITY

## APPENDIX D

June 2010

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

| 2009<br>Actual<br>Income<br>Rand | 2009<br>Actual<br>Expenditure<br>Rand | 2009<br>Surplus/<br>(Deficit)<br>Rand |                               | 2010<br>Actual<br>Income<br>Rand | 2010<br>Actual<br>Expenditure<br>Rand | 2010<br>Surplus/<br>(Deficit)<br>Rand |
|----------------------------------|---------------------------------------|---------------------------------------|-------------------------------|----------------------------------|---------------------------------------|---------------------------------------|
| 6,624,321                        | 38,609,746                            | (31,985,425)                          | Executive and Council         | 178,898                          | 33,238,190                            | (33,059,292)                          |
| 105,776,433                      | 24,093,756                            | 81,682,677                            | Finance and Administration    | 102,904,173                      | 28,029,502                            | 74,874,671                            |
| 26,465,401                       | 35,538,295                            | (9,072,894)                           | Planning and Development      | 16,342,840                       | 29,349,658                            | (13,006,818)                          |
| 26,500,497                       | 25,528,203                            | 972,294                               | Health                        | 36,897,527                       | 45,519,209                            | (8,621,682)                           |
| 3,462,834                        | 3,456,878                             | 5,956                                 | Community and Social services | 15,553                           | 80,734                                | (65,181)                              |
| 698,442                          | 410,374                               | 288,068                               | Housing                       | 1,210,220                        | 2,896,938                             | (1,686,718)                           |
| 5,252,689                        | 12,495,141                            | (7,242,452)                           | Public safety                 | 5,156,758                        | 10,625,630                            | (5,468,872)                           |
| 536,902                          | 536,902                               | -                                     | Sport and Recreation          | 1,057,418                        | 2,169,724                             | (1,112,306)                           |
| 82,216                           | 7,755                                 | 74,461                                | Waste Management              | 96,060                           | 7,646                                 | 88,414                                |
| 222,542                          | 222,542                               | -                                     | Waste Water Management        | -                                | -                                     | -                                     |
| 68,535,553                       | 71,191,066                            | (2,655,513)                           | Road Transport                | 142,729,228                      | 147,933,299                           | (5,204,071)                           |
| 8,377,117                        | 9,740,391                             | (1,363,274)                           | Water                         | 9,664,514                        | 15,283,540                            | (5,619,026)                           |
| 41,272                           | 134,986                               | (93,714)                              | Electricity                   | 54,221                           | 4,854,077                             | (4,799,856)                           |
| 1,452,111                        | 7,692,516                             | (6,240,405)                           | Other                         | 1,352,510                        | 9,337,897                             | (7,985,387)                           |
| <b>254,028,330</b>               | <b>229,658,551</b>                    | <b>24,369,779</b>                     | <b>Total</b>                  | <b>317,659,920</b>               | <b>329,326,044</b>                    | <b>(11,666,124)</b>                   |

# CACADU DISTRICT MUNICIPALITY

## APPENDIX E(1)

June 2010

### ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010

|                                | Current year<br>2010   | Prior year<br>2009     | Variance    | Current year<br>2010          | Current year<br>2010          | Variance<br>2010                    | Variance                    |
|--------------------------------|------------------------|------------------------|-------------|-------------------------------|-------------------------------|-------------------------------------|-----------------------------|
|                                | Actual<br>June<br>Rand | Actual<br>June<br>Rand | Actual<br>% | CDM<br>Budget<br>June<br>Rand | PHC<br>Budget<br>June<br>Rand | Budget vs<br>Actual<br>June<br>Rand | Budget<br>vs<br>Actual<br>% |
| <u>Revenue</u>                 |                        |                        |             |                               |                               |                                     |                             |
| Property rates                 | 174,301                | 30,869                 | 465%        | 214,699                       |                               | (40,398)                            | -19%                        |
| Rental Income                  | 991,168                | 868,309                | 14%         | 880,000                       |                               | 111,168                             | 13%                         |
| Tariffs and charges            | 239,970                | 226,782                | 6%          | 250,600                       |                               | (10,630)                            | -4%                         |
|                                | 1,405,439              | 1,125,960              |             | 1,345,299                     |                               | 60,140                              |                             |
| <u>Other income</u>            |                        |                        |             |                               |                               |                                     |                             |
| Other income                   | 285,436,050            | 209,941,018            | 36%         | 376,467,427                   | 42,113,675                    | (133,145,052)                       | -32%                        |
| Interest received - investment | 30,818,431             | 42,961,352             | -28%        | 25,762,000                    |                               | 5,056,431                           | 20%                         |
|                                | 316,254,481            | 252,902,370            |             | 402,229,427                   | 42,113,675                    | (85,974,946)                        |                             |
| <u>Expenses</u>                |                        |                        |             |                               |                               |                                     |                             |
| Employee related costs         | (34,966,961)           | (32,031,001)           | 9%          | (42,515,700)                  |                               | 7,548,739                           | -18%                        |
| Depreciation                   | (1,927,195)            | (2,455,438)            | -22%        | (2,216,000)                   |                               | 288,805                             | -13%                        |
| Repairs and maintenance        | (952,239)              | (1,033,339)            | -8%         | (2,542,290)                   |                               | 1,590,051                           | -63%                        |
| Finance costs                  | (109,968)              | (152,155)              | -28%        | -                             |                               | (109,968)                           | 100%                        |
| Bulk purchases                 | (12,621)               | (12,621)               | 0%          | (15,000)                      |                               | 2,379                               | -16%                        |
| Conditional Grant Expenditure  | (211,688,220)          | (126,611,263)          | 67%         | (264,869,448)                 | (42,113,675)                  | 95,294,903                          | -31%                        |
| General expenses               | (76,681,986)           | (65,573,186)           | 17%         | (91,416,288)                  |                               | 14,734,302                          | -16%                        |
| Impairments                    | (175,351)              | (283,035)              | -38%        | -                             |                               | (175,351)                           | 100%                        |
| Loss on donations and          | (2,099,003)            | (1,506,513)            | 39%         | -                             |                               | (2,099,003)                         | 100%                        |
| Fair value adjustments         | (712,500)              | -                      | -100%       | -                             |                               | (712,500)                           | 100%                        |
|                                | (329,326,044)          | (229,658,551)          |             | (403,574,726)                 | (42,113,675)                  | 74,248,682                          |                             |
| Net surplus/ (deficit) for the | (11,666,124)           | 24,369,779             |             | -                             | -                             | (11,666,124)                        |                             |

# CACADU DISTRICT MUNICIPALITY

## APPENDIX E(2)

June 2010

### ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS) FOR THE YEAR ENDED 30 JUNE 2010

|                               | 2010<br>Total<br>Additions<br>Rand | 2010<br>Budget<br>Rand | 2010<br>Variance<br>Rand | 2010<br>Variance<br>% | Explanation of Significant Variances Greater than 5% versus Budget              |
|-------------------------------|------------------------------------|------------------------|--------------------------|-----------------------|---------------------------------------------------------------------------------|
| <b>OTHER ASSETS</b>           |                                    |                        |                          |                       |                                                                                 |
| Land                          | -                                  | 150,000                | (150,000)                | (100.00)              | Provision for cemeteries not utilised                                           |
| <b>Land</b>                   | <b>-</b>                           | <b>150,000</b>         | <b>(150,000)</b>         | <b>(100.00)</b>       |                                                                                 |
| Computer Hardware             | 249,546                            | 344,000                | (94,454)                 | (27.46)               |                                                                                 |
| <b>Computer equipment</b>     | <b>249,546</b>                     | <b>344,000</b>         | <b>(94,454)</b>          | <b>(27.46)</b>        |                                                                                 |
| Chairs                        | 109,281                            | 114,100                | (4,819)                  | (4.22)                |                                                                                 |
| Tables/Desks                  | 244,853                            | 261,000                | (16,147)                 | (6.19)                | Boardroom furniture was budgeted for Personnel Management but not purchased     |
| Miscellaneous                 | 23,159                             | 24,000                 | (841)                    | (3.50)                |                                                                                 |
| <b>Furniture and fittings</b> | <b>377,294</b>                     | <b>399,100</b>         | <b>(21,806)</b>          | <b>(13.91)</b>        |                                                                                 |
| Motor Vehicles                | 2,248,470                          | 3,270,000              | (1,021,530)              | (31.24)               | Three vehicles included in the budget were not purchased                        |
| <b>Motor vehicle</b>          | <b>2,248,470</b>                   | <b>3,270,000</b>       | <b>(1,021,530)</b>       | <b>(31.24)</b>        |                                                                                 |
| Office Machines               | 229,403                            | 430,000                | (200,597)                | (46.65)               | Air conditioners were supplied at a lower price than budgeted for               |
| <b>Office equipment</b>       | <b>229,403</b>                     | <b>430,000</b>         | <b>(200,597)</b>         | <b>(46.65)</b>        |                                                                                 |
| Fire Maintenance              | 95,853                             | 1,296,000              | (1,200,147)              | (92.60)               | Provision was made to comply with Fire regulations in Standard Bank Building of |
| <b>Specialised plant and</b>  | <b>95,853</b>                      | <b>1,296,000</b>       | <b>(1,200,147)</b>       | <b>(92.60)</b>        |                                                                                 |
| Fire trailers and sundries    | 110,044                            | 730,000                | (619,956)                | (84.93)               | Provision was made for hazmed trailers and skid units for Local Municipalities  |
| <b>Specialised vehicles</b>   | <b>110,044</b>                     | <b>730,000</b>         | <b>(619,956)</b>         | <b>(84.93)</b>        |                                                                                 |
| <b>Grand Total</b>            | <b>3,310,610</b>                   | <b>6,619,100</b>       | <b>(3,308,490)</b>       | <b>(49.98)</b>        |                                                                                 |

# CACADU DISTRICT MUNICIPALITY

## APPENDIX F

June 2010

### CONDITIONAL GRANTS AND RECEIPTS FOR THE YEAR ENDED 30 JUNE 2010

|                                     | Unspent      |                | Current   | Interest  | Transfer   |             |           | Unspent    | Conditions |
|-------------------------------------|--------------|----------------|-----------|-----------|------------|-------------|-----------|------------|------------|
|                                     | Balance      | Contributions/ | Year      | Allocated | to         | Capital     | Transfers | Balance    | Complied   |
|                                     | 30 June 2009 | Adjustments    | Receipts  |           | Revenue    | Expenditure |           | 30 June    | With       |
|                                     | Rand         | Rand           | Rand      | Rand      | Rand       | Rand        | Rand      | 2010       |            |
|                                     | Rand         | Rand           | Rand      | Rand      | Rand       | Rand        | Rand      | Rand       |            |
| CAPACITY BUILDING FOR COUNCIL       | 57,400       | -              | -         | -         | 26,954     | -           | -         | 30,446     | Yes        |
| GOAT FARMING AT IKHWEZI LM          | 2,231,109    | -              | -         | -         | 2,231,109  | -           | -         | -          | Yes        |
| LIBRARIES - MUNICIPALITIES          | 1,857,234    | -              | 2,974,500 | -         | 3,309,902  | -           | -         | 1,521,832  | Yes        |
| DISASTER MANAGEMENT                 | 9,105,140    | -              | -         | -         | 4,850,129  | 301,897     | -         | 3,953,114  | Yes        |
| FINANCE MANAGEMENT GRANT            | 737,953      | -              | 750,000   | -         | 1,401,068  | 86,885      | -         | -          | Yes        |
| MUNICIPAL SYSTEM IMPROVEMENT GRANT  | 612,791      | -              | 735,000   | -         | 932,437    | -           | -         | 415,354    | Yes        |
| IDP SUPPORT GRANT FOR LM'S AND DM'S | 1,243,609    | -              | -         | -         | 683,827    | -           | -         | 559,782    | Yes        |
| RESTRUCTURING GRANT                 | 2,056,152    | -              | -         | -         | 526,599    | -           | -         | 1,529,553  | Yes        |
| STEYTLERVILLE SPORT FIELD           | 296,609      | -              | -         | -         | 296,609    | -           | -         | -          | Yes        |
| HOUSING PROJECTS                    | 842,928      | 763,867        | -         | -         | 763,867    | -           | -         | 842,928    | Yes        |
| HONEYBUSH TEA                       | 163,073      | -              | -         | -         | -          | -           | -         | 163,073    | Yes        |
| PEOPLES HOUSING PROJECT             | 10,287,463   | 435,025        | 30,750    | 855,272   | 439,000    | -           | -         | 11,169,510 | Yes        |
| RURAL ACCESS ROADS                  | 838          | -              | -         | -         | -          | -           | 838       | -          | Yes        |
| TOURISM PLANS - DEAT                | -            | -              | -         | -         | -          | -           | -         | -          | Yes        |
| MUNICIPAL GRANT LED                 | 726,011      | -              | -         | -         | -          | -           | -         | 726,011    | Yes        |
| YOUTH CENTRE - SOMERSET EAST        | 271,541      | -              | -         | -         | 41,740     | -           | -         | 229,801    | Yes        |
| IKWEZI - HARDWOOD FARM              | 230,092      | -              | -         | -         | 230,092    | -           | -         | -          | Yes        |
| NDLAMBE DISABILITY SPECIAL PROJECTS | -            | -              | -         | -         | -          | -           | -         | -          | Yes        |
| PASSENGER TRANSPORT PLANS AND       | 1,789,498    | -              | 123,222   | -         | -          | -           | -         | 1,912,720  | Yes        |
| PILOT HOUSING PROJECT - ADDO        | 796,254      | -              | -         | -         | -          | -           | -         | 796,254    | Yes        |
| LAND SURVEY PROJECTS                | 340,601      | -              | -         | -         | 148,982    | -           | -         | 191,619    | Yes        |
| SPATIAL PLANNING PROJECTS           | 260,560      | -              | -         | -         | 131,950    | -           | -         | 128,610    | Yes        |
| MULTIANNUAL ACTION PLANS - MAAP     | 3,374,056    | -              | -         | -         | 967,133    | -           | -         | 2,406,923  | Yes        |
| MIG                                 | 4,166,245    | -              | 6,099,000 | -         | 6,525,389  | 68,318      | -         | 3,671,538  | Yes        |
| PUBLIC WORKS PROJECTS               | 1,021,751    | -              | -         | -         | 278,839    | -           | -         | 742,912    | Yes        |
| BUILDING FOR SPORT AND RECREATION   | 225,845      | -              | -         | -         | 225,845    | -           | -         | -          | Yes        |
| LED STRATEGY SMME                   | 609,599      | -              | -         | -         | -          | -           | -         | 609,599    | Yes        |
| FLOOD DAMAGE ROADS                  | 56,358,877   | -              | -         | 4,148,046 | 17,214,298 | -           | -         | 43,292,625 | Yes        |
| SRV - HAWKERS FACILITIES            | 754          | -              | -         | -         | -          | -           | 754       | -          | Yes        |
| KOUKAMMA - WOODLAND FLOWER          | 564,749      | -              | -         | -         | -          | -           | -         | 564,749    | Yes        |
| RAIN HARVESTING                     | 286,204      | -              | -         | -         | -          | -           | -         | 286,204    | Yes        |
| LED FUNDING                         | 3,929,414    | -              | -         | -         | 2,396,000  | -           | 1,200,000 | 333,414    | Yes        |

|                                      |                    |                  |                    |                  |                    |                |                  |                    |     |
|--------------------------------------|--------------------|------------------|--------------------|------------------|--------------------|----------------|------------------|--------------------|-----|
| MUNICIPAL ADMINISTRATION:            | 500,000            | -                | -                  | -                | -                  | -              | -                | 500,000            | Yes |
| MUNICIPAL ADMINISTRATION: HEALTH     | 280,000            | -                | -                  | -                | 280,000            | -              | -                | -                  | Yes |
| MUNICIPAL PERFORMANCE MANAGEMENT     | 1,236,204          | -                | 627,582            | -                | 431,733            | -              | -                | 1,432,053          | Yes |
| DBSA: CACADU CEMETERY MANAGEMENT     | 223,902            | -                | -                  | -                | 223,902            | -              | -                | -                  | Yes |
| DROUGHT RELIEF                       | 342,672            | -                | -                  | -                | 298,435            | -              | -                | 44,237             | Yes |
| DWAF (SECTION 78(3))                 | 377,259            | -                | -                  | -                | -                  | -              | -                | 377,259            | Yes |
| DBSA: LAND AUDIT                     | 435,138            | -                | -                  | -                | 435,138            | -              | -                | -                  | Yes |
| CAPACITY DEV (KOUGA LED STRATEGY)    | 450,000            | -                | -                  | -                | 418,000            | -              | -                | 32,000             | Yes |
| CDM-STRATEGY DEV (REDTAPE)           | 260,544            | -                | -                  | -                | -                  | -              | 260,544          | -                  | Yes |
| HONEYBUSH TEA (EVE BRAND PACKAGING)  | -                  | 1,200,000        | -                  | -                | 1,200,000          | -              | -                | -                  | Yes |
| GIS SUPPORT TO CDM BY DWAF           | 84,370             | -                | -                  | -                | -                  | -              | -                | 84,370             | Yes |
| MIG:KOUKAMMA                         | 82,820,385         | -                | 88,503,000         | -                | 124,703,832        | -              | -                | 46,619,553         | Yes |
| TOURISM PLANS - DLG&TA               | 2,038              | 260,544          | -                  | -                | -                  | -              | -                | 262,582            | Yes |
| TOURISM PLANS - DBSA                 | 307,052            | 108,714          | 352,467            | -                | 768,233            | -              | -                | -                  | Yes |
| KOUKAMMA STRENGTHENING THE           | -                  | -                | 3,000,000          | -                | -                  | -              | -                | 3,000,000          | Yes |
| DBSA LED: AGRI-INNOVATION            | -                  | 311,894          | 600,324            | -                | 912,218            | -              | -                | -                  | Yes |
| DBSA LED: PROJECT MANAGEMENT UNIT    | -                  | 34,926           | -                  | -                | 34,926             | -              | -                | -                  | Yes |
| DBSA LED: STRATEGY AND INSTITUTIONAL | -                  | 7,524            | 19,310             | -                | 26,834             | -              | -                | -                  | Yes |
| LED CAPACITY IKWEZI                  | -                  | -                | 470,000            | -                | 470,000            | -              | -                | -                  | Yes |
| LED STRATEGY/DEV CAMDEBOO            | -                  | -                | 437,000            | -                | 437,000            | -              | -                | -                  | Yes |
| IDP SUPPORT 2009/2010                | -                  | -                | 1,281,000          | -                | 1,168,400          | -              | -                | 112,600            | Yes |
| SRV STRENGTHENING THE CAPACITY OF LM | -                  | -                | 300,000            | -                | -                  | -              | -                | 300,000            | Yes |
| THINA SINAKO PROV LED SUPOORT        | -                  | -                | 483,667            | -                | -                  | -              | -                | 483,667            | Yes |
| RAIN HARVESTING PEARSTON             | -                  | -                | 4,833,000          | -                | 2,575,972          | -              | -                | 2,257,028          | Yes |
| RAIN HARVESTING PATERSON             | -                  | -                | 550,000            | -                | -                  | -              | -                | 550,000            | Yes |
| DEPARTMENT OF HEALTH                 | -                  | -                | 37,777,974         | -                | 35,923,697         | -              | -                | 1,854,277          | Yes |
| <b>TOTAL</b>                         | <b>191,763,914</b> | <b>3,122,494</b> | <b>112,169,822</b> | <b>5,003,318</b> | <b>213,930,089</b> | <b>457,100</b> | <b>1,462,136</b> | <b>133,988,197</b> |     |

|                          |                    |
|--------------------------|--------------------|
| Add: Capital Expenditure | 457,100            |
| <b>Total to Revenue</b>  | <b>214,387,189</b> |

**CACADU DISTRICT  
MUNICIPALITY  
APPENDIX F1  
June 2010**

**GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

| Name of Grant                      | Name of Organ of state | 2009/2010<br>Quarterly Receipts |           |            |           | 2009/2010<br>Quarterly Expenditure |            |            |            | 2009/2010<br>Grants and Subsidies<br>Delayed/withheld |      |      |      | Reason for<br>delay/<br>withholding | Comply<br>to<br>DORA | Reason<br>non<br>Compliance |
|------------------------------------|------------------------|---------------------------------|-----------|------------|-----------|------------------------------------|------------|------------|------------|-------------------------------------------------------|------|------|------|-------------------------------------|----------------------|-----------------------------|
|                                    |                        | Sept                            | Dec       | Mar        | June      | Sept                               | Dec        | Mar        | June       | Sept                                                  | Dec  | Mar  | June | funds                               | Y/N                  |                             |
|                                    |                        | Rand                            | Rand      | Rand       | Rand      | Rand                               | Rand       | Rand       | Rand       | Rand                                                  | Rand | Rand | Rand |                                     |                      |                             |
| LED Funding                        | Provincial Government  | -                               | -         | -          | -         | 1,200,000                          | 396,000    | 2,000,000  | -          | -                                                     | -    | -    | -    | N/A                                 | Yes                  | N/A                         |
| Capacity Building for Councillors  | Provincial Government  | -                               | -         | -          | -         | 17,800                             | 9,154      | -          | -          | -                                                     | -    | -    | -    | N/A                                 | Yes                  | N/A                         |
| Tourism Plans - DBSA               | Other                  | -                               | -         | 352,467    | -         | 613,843                            | 152,848    | -          | 1,542      | -                                                     | -    | -    | -    | N/A                                 | Yes                  | N/A                         |
| Youth Centre - Somerset East       | Provincial Government  | -                               | -         | -          | -         | -                                  | 170        | 6,990      | 34,580     | -                                                     | -    | -    | -    | N/A                                 | Yes                  | N/A                         |
| Finance Management Grant           | National Government    | 750,000                         | -         | -          | -         | 250,155                            | 335,927    | 447,962    | 453,909    | -                                                     | -    | -    | -    | N/A                                 | Yes                  | N/A                         |
| Municipal System Improvement Grant | National Government    | 735,000                         | -         | -          | -         | -                                  | 108,263    | 450,885    | 373,289    | -                                                     | -    | -    | -    | N/A                                 | Yes                  | N/A                         |
| Restructuring Grant                | National Government    | -                               | -         | -          | -         | 145,783                            | 6,301      | 313,813    | 60,702     | -                                                     | -    | -    | -    | N/A                                 | Yes                  | N/A                         |
| Multi Annual Action Plan - MAAP    | National Government    | -                               | -         | -          | -         | 569,459                            | 195,784    | 173,098    | 28,793     | -                                                     | -    | -    | -    | N/A                                 | Yes                  | N/A                         |
| MIG                                | National Government    | 2,249,000                       | 1,050,000 | -          | 2,800,000 | 1,240,920                          | 1,499,331  | 1,655,664  | 2,197,791  | -                                                     | -    | -    | -    | N/A                                 | Yes                  | N/A                         |
| MIG - Kou Kamma                    | National Government    | -                               | -         | 88,503,000 | -         | 17,183,114                         | 50,486,801 | 38,391,435 | 18,642,482 | -                                                     | -    | -    | -    | N/A                                 | Yes                  | N/A                         |
| Building for Sport and Recreation  | National Government    | -                               | -         | -          | -         | -                                  | 219,810    | -          | 5,944      | -                                                     | -    | -    | -    | N/A                                 | Yes                  | N/A                         |
| Flood Damaged Roads                | National Government    | -                               | -         | -          | -         | 1,330,825                          | 1,766,123  | 10,505,787 | 3,611,563  | -                                                     | -    | -    | -    | N/A                                 | Yes                  | N/A                         |
| DBSA: Cacadu Cemetery Management   | Other                  | -                               | -         | -          | -         | -                                  | -          | 180,000    | -          | -                                                     | -    | -    | -    | N/A                                 | Yes                  | N/A                         |
| Goat Farming at Ikwezi             | Provincial Government  | -                               | -         | -          | -         | -                                  | -          | 2,200,000  | -          | -                                                     | -    | -    | -    | N/A                                 | Yes                  | N/A                         |
| Drought Relief                     | Provincial Government  | -                               | -         | -          | -         | -                                  | 45,617     | 96,880     | 155,938    | -                                                     | -    | -    | -    | N/A                                 | Yes                  | N/A                         |
| Libraries - Municipalities         | Provincial Government  | -                               | 2,974,500 | -          | -         | 401,939                            | 208,011    | 585,989    | 2,113,963  | -                                                     | -    | -    | -    | N/A                                 | Yes                  | N/A                         |
| Disaster Management                | Provincial Government  | -                               | -         | -          | -         | 728,489                            | 864,348    | 1,464,897  | 2,094,292  | -                                                     | -    | -    | -    | N/A                                 | Yes                  | N/A                         |
| Municipal Administration::Health   | Provincial Government  | -                               | -         | -          | -         | -                                  | -          | -          | 251,804    | -                                                     | -    | -    | -    | N/A                                 | Yes                  | N/A                         |
| Municipal Performance Management   | Provincial Government  | -                               | 627,582   | -          | -         | -                                  | 75,101     | 224,327    | 132,305    | -                                                     | -    | -    | -    | N/A                                 | Yes                  | N/A                         |
| IDP Support Grant for LMs and DMs  | Provincial Government  | -                               | -         | -          | -         | -                                  | -          | 609,033    | 74,794     | -                                                     | -    | -    | -    | N/A                                 | Yes                  | N/A                         |
| Steytlerville Sport Field          | National Government    | -                               | -         | -          | -         | -                                  | -          | 260,183    | 35,876     | -                                                     | -    | -    | -    | N/A                                 | Yes                  | N/A                         |
| Housing Projects                   | Provincial Government  | -                               | -         | -          | -         | 162,381                            | 146,500    | 430,452    | 24,534     | -                                                     | -    | -    | -    | N/A                                 | Yes                  | N/A                         |

|                                           |                       |           |           |            |           |            |            |            |            |   |   |   |   |     |     |     |
|-------------------------------------------|-----------------------|-----------|-----------|------------|-----------|------------|------------|------------|------------|---|---|---|---|-----|-----|-----|
| Honeybush Tea Eve Brand Package           | Provincial Government | 1,200,000 | -         | -          | -         | 1,200,000  | -          | -          | -          | - | - | - | - | N/A | Yes | N/A |
| People Housing Projects                   | Provincial Government | 30,750    | -         | -          | -         | -          | -          | 203,645    | 235,355    | - | - | - | - | N/A | Yes | N/A |
| Passenger Transport Plans and Facilities  | Provincial Government | 123,222   | -         | -          | -         | -          | -          | -          | -          | - | - | - | - | N/A | Yes | N/A |
| Land Survey Projects                      | Provincial Government | -         | -         | -          | -         | 101,491    | -          | -          | 47,491     | - | - | - | - | N/A | Yes | N/A |
| Spatial Planning Projects                 | Provincial Government | -         | -         | -          | -         | -          | -          | 131,950    | -          | - | - | - | - | N/A | Yes | N/A |
| Ikwezi Hardwood Farm                      | Provincial Government | -         | -         | -          | -         | -          | 230,092    | -          | -          | - | - | - | - | N/A | Yes | N/A |
| Public Works Projects                     | Provincial Government | -         | -         | -          | -         | 29,678     | -          | -          | 249,161    | - | - | - | - | N/A | Yes | N/A |
| Capacity Development (Kouga LED Strategy) | Provincial Government | -         | -         | -          | -         | 418,000    | -          | -          | -          | - | - | - | - | N/A | Yes | N/A |
| DBSA Land Audit                           | Other                 | -         | -         | -          | -         | -          | -          | -          | 362,995    | - | - | - | - | N/A | Yes | N/A |
| DBSA: LED Agri-Innovation Intervention    | Other                 | -         | -         | -          | 600,324   | -          | -          | -          | 912,218    | - | - | - | - | N/A | Yes | N/A |
| DBSA: LED Strategy and Institutional      | Other                 | -         | -         | -          | 19,310    | -          | -          | -          | 26,834     | - | - | - | - | N/A | Yes | N/A |
| LED Capacity Ikwezi                       | Provincial Government | -         | -         | 470,000    | -         | -          | -          | -          | 470,000    | - | - | - | - | N/A | Yes | N/A |
| LED Strategy /Dev Camdeboo                | Provincial Government | -         | -         | 437,000    | -         | -          | -          | -          | 437,000    | - | - | - | - | N/A | Yes | N/A |
| IDP Support 2009/10                       | Provincial Government | 1,281,000 | -         | -          | -         | -          | 1,152,900  | 3,230      | 12,270     | - | - | - | - | N/A | Yes | N/A |
| Rain Harvesting - Pearston                | National Government   | -         | -         | 4,833,000  | -         | -          | -          | 251,767    | 2,324,205  | - | - | - | - | N/A | Yes | N/A |
| Rain Harvesting - Paterson                | National Government   | -         | -         | -          | 550,000   | -          | -          | -          | -          | - | - | - | - | N/A | Yes | N/A |
| Koukamma - Strengthening the Capacity     | National Government   | -         | -         | -          | 3,000,000 | -          | -          | -          | -          | - | - | - | - | N/A | Yes | N/A |
| SRV - Strengthening the Capacity          | National Government   | -         | -         | -          | 300,000   | -          | -          | -          | -          | - | - | - | - | N/A | Yes | N/A |
| DBSA LED Project Management Unit          | Other                 | -         | -         | -          | -         | -          | -          | -          | 34,926     | - | - | - | - | N/A | Yes | N/A |
| Thina Sinako Priv LED Support Programme   | Provincial Government | -         | -         | -          | 483,667   | -          | -          | -          | -          | - | - | - | - | N/A | Yes | N/A |
|                                           |                       | 6,368,972 | 4,652,082 | 94,595,467 | 7,753,301 | 25,593,877 | 57,899,081 | 60,587,987 | 35,406,556 | - | - | - | - |     |     |     |

# CACADU DISTRICT MUNICIPALITY

## APPENDIX G

June 2010

### INVESTMENT PORTFOLIO FOR THE YEAR ENDED 30 JUNE 2010

| Financial Institution | Account Number   | Amount<br>Rand | Period<br>Mths | Interest<br>Rate<br>% | Date<br>Invested | Date<br>Maturing | Matured<br>2009/2010<br>Rand | Balance<br>30 June 2010<br>Rand |
|-----------------------|------------------|----------------|----------------|-----------------------|------------------|------------------|------------------------------|---------------------------------|
| FIRST RAND BANK       | 71220880423      | 9,000,000      | 3              | 8.69%                 | 02-Apr-09        | 02-Jul-09        | 9,000,000                    |                                 |
| INVESTEC              | DA867206         | 10,000,000     | 3              | 8.79%                 | 02-Apr-09        | 02-Jul-09        | 10,000,000                   |                                 |
| STANDARD BANK         | 088430537123     | 17,000,000     | 10             | 11.84%                | 23-Sep-08        | 23-Jul-09        | 17,000,000                   |                                 |
| FIRST RAND BANK       | 71173914121      | 5,000,000      | 6              | 10.32%                | 27-Jan-09        | 27-Jul-09        | 5,000,000                    |                                 |
| STANDARD BANK         | 088430537125     | 5,000,000      | 6              | 10.25%                | 27-Jan-09        | 27-Jul-09        | 5,000,000                    |                                 |
| STANDARD BANK         | 088430537124     | 15,000,000     | 12             | 12.20%                | 05-Aug-08        | 03-Aug-09        | 15,000,000                   |                                 |
| ABSA GROUP            | 2068958451       | 10,000,000     | 8              | 10.05%                | 23-Dec-08        | 24-Aug-09        | 10,000,000                   |                                 |
| ABSA GROUP            | 2068909444       | 13,000,000     | 7              | 8.95%                 | 11-Feb-09        | 11-Sep-09        | 13,000,000                   |                                 |
| FIRST RAND BANK       | 71214140271      | 12,000,000     | 7              | 8.90%                 | 11-Feb-09        | 11-Sep-09        | 12,000,000                   |                                 |
| STANDARD BANK         | 088430537126     | 15,000,000     | 7              | 8.85%                 | 11-Feb-09        | 11-Sep-09        | 15,000,000                   |                                 |
| FIRST RAND BANK       | 71201472603      | 13,000,000     | 11             | 12.21%                | 23-Oct-08        | 23-Sep-09        | 13,000,000                   |                                 |
| FIRST RAND BANK       | 71208232373      | 6,000,000      | 9              | 10.22%                | 23-Dec-08        | 23-Sep-09        | 6,000,000                    |                                 |
| INVESTEC              | DA867207         | 10,000,000     | 6              | 8.30%                 | 02-Apr-09        | 02-Oct-09        | 10,000,000                   |                                 |
| STANDARD BANK         | 088430537127     | 14,000,000     | 7              | 8.55%                 | 04-Mar-09        | 04-Oct-09        | 14,000,000                   |                                 |
| INVESTEC              | DA865649         | 4,000,000      | 7              | 8.66%                 | 04-Mar-09        | 05-Oct-09        | 4,000,000                    |                                 |
| FIRST RAND BANK       | 71226405019      | 18,000,000     | 5              | 7.55%                 | 25-May-09        | 26-Oct-09        | 18,000,000                   |                                 |
| ABSA GROUP            | 2069044619       | 13,000,000     | 7              | 8.00%                 | 02-Apr-09        | 02-Nov-09        | 13,000,000                   |                                 |
| FIRST RAND BANK       | 71178318310      | 14,000,000     | 12             | 10.38%                | 25-Nov-08        | 24-Nov-09        | 14,000,000                   |                                 |
| NEDCOR BANK           | 7881501480000086 | 39,000,000     | 12             | 10.39%                | 25-Nov-08        | 24-Nov-09        | 39,000,000                   |                                 |
| FIRST RAND BANK       | 71230113666      | 5,000,000      | 5              | 7.60%                 | 29-Jun-09        | 30-Nov-09        | 5,000,000                    |                                 |
| NEDCOR BANK           | 7881501480000092 | 32,000,000     | 5              | 7.60%                 | 29-Jun-09        | 30-Nov-09        | 32,000,000                   |                                 |
| NEDCOR BANK           | 7881501480000090 | 10,000,000     | 8              | 8.05%                 | 03-Apr-09        | 02-Dec-09        | 10,000,000                   |                                 |
| INVESTEC              | DA871687         | 14,000,000     | 8              | 8.06%                 | 03-Apr-09        | 03-Dec-09        | 14,000,000                   |                                 |
| ABSA GROUP            | 2068965618       | 19,000,000     | 10             | 8.25%                 | 04-Mar-09        | 17-Dec-09        | 19,000,000                   |                                 |
| INVESTEC              | DA873236         | 7,000,000      | 6              | 7.92%                 | 23-Jul-09        | 22-Jan-10        | 7,000,000                    |                                 |



|                 |                  |            |    |       |           |           |            |            |
|-----------------|------------------|------------|----|-------|-----------|-----------|------------|------------|
| NEDCOR BANK     | 7881501480000093 | 7,000,000  | 6  | 7.85% | 23-Jul-09 | 25-Jan-10 | 7,000,000  |            |
| ABSA GROUP      | 2069044588       | 10,000,000 | 10 | 7.85% | 02-Apr-09 | 02-Feb-10 | 10,000,000 |            |
| FIRST RAND BANK | 71235652403      | 5,000,000  | 6  | 7.21% | 18-Aug-09 | 18-Feb-10 | 5,000,000  |            |
| FIRST RAND BANK | 71238977816      | 10,000,000 | 6  | 7.31% | 15-Sep-09 | 15-Mar-10 | 10,000,000 |            |
| ABSA GROUP      | 2069176036       | 8,000,000  | 10 | 7.55% | 25-May-09 | 25-Mar-10 | 8,000,000  |            |
| STANDARD BANK   | 088430537129     | 18,000,000 | 10 | 7.50% | 25-May-09 | 25-Mar-10 | 18,000,000 |            |
| INVESTEC        | DA874277         | 2,000,000  | 6  | 7.34% | 18-Aug-09 | 01-Apr-10 | 2,000,000  |            |
| STANDARD BANK   | 088430537128     | 25,000,000 | 12 | 8.00% | 02-Apr-09 | 01-Apr-10 | 25,000,000 |            |
| INVESTEC        | DA877128         | 6,000,000  | 6  | 7.63% | 26-Oct-09 | 23-Apr-10 | 6,000,000  |            |
| FIRST RAND BANK | 71226405019      | 17,000,000 | 6  | 7.53% | 26-Oct-09 | 26-Apr-10 | 17,000,000 |            |
| FIRST RAND BANK | 71220880423      | 25,000,000 | 6  | 7.43% | 26-Nov-09 | 26-May-10 | 25,000,000 |            |
| ABSA GROUP      | 2069276834       | 17,000,000 | 11 | 8.00% | 29-Jun-09 | 28-May-10 | 17,000,000 |            |
| INVESTEC        | DA880352         | 15,000,000 | 6  | 7.58% | 08-Dec-09 | 07-Jun-10 | 15,000,000 |            |
| FIRST RAND BANK | 71214140271      | 8,000,000  | 6  | 7.48% | 08-Dec-09 | 08-Jun-10 | 8,000,000  |            |
| STANDARD BANK   | 088430537131     | 22,000,000 | 10 | 7.40% | 18-Aug-09 | 18-Jun-10 | 22,000,000 |            |
| STANDARD BANK   | 088430537130     | 6,000,000  | 12 | 8.00% | 29-Jun-09 | 28-Jun-10 | 6,000,000  |            |
| FIRST RAND BANK | 71230113666      | 6,000,000  | 6  | 7.53% | 19-Jan-10 | 19-Jul-10 |            | 6,000,000  |
| INVESTEC        | DA881968         | 3,000,000  | 6  | 7.58% | 19-Jan-10 | 19-Jul-10 |            | 3,000,000  |
| ABSA GROUP      | 2069363283       | 16,000,000 | 12 | 8.05% | 23-Jul-09 | 22-Jul-10 |            | 16,000,000 |
| FIRST RAND BANK | 71208232373      | 5,000,000  | 6  | 7.41% | 09-Feb-10 | 09-Aug-10 |            | 5,000,000  |
| INVESTEC        | DA883201         | 9,000,000  | 6  | 7.48% | 09-Feb-10 | 10-Aug-10 |            | 9,000,000  |
| NEDCOR BANK     | 7881501480000096 | 12,000,000 | 8  | 7.72% | 08-Dec-09 | 10-Aug-10 |            | 12,000,000 |
| NEDCOR BANK     | 7881501480000095 | 8,000,000  | 9  | 7.75% | 26-Nov-09 | 26-Aug-10 |            | 8,000,000  |
| NEDCOR BANK     | 7881501480000098 | 12,000,000 | 9  | 7.75% | 08-Dec-09 | 08-Sep-10 |            | 12,000,000 |
| ABSA GROUP      | 2069539658       | 16,000,000 | 12 | 7.58% | 15-Sep-09 | 14-Sep-10 |            | 16,000,000 |
| STANDARD BANK   | 088430537132     | 13,000,000 | 12 | 7.55% | 15-Sep-09 | 14-Sep-10 |            | 13,000,000 |
| FIRST RAND BANK | 71235652403      | 14,000,000 | 6  | 6.75% | 01-Apr-10 | 01-Oct-10 |            | 14,000,000 |
| NEDCOR BANK     | 7881501480000099 | 6,000,000  | 9  | 7.70% | 19-Jan-10 | 19-Oct-10 |            | 6,000,000  |
| STANDARD BANK   | 088430537134     | 2,000,000  | 9  | 7.70% | 19-Jan-10 | 19-Oct-10 |            | 2,000,000  |
| STANDARD BANK   | 088430537133     | 4,000,000  | 12 | 7.93% | 26-Oct-09 | 25-Oct-10 |            | 4,000,000  |
| FIRST RAND BANK | 71265602395      | 5,000,000  | 6  | 6.65% | 29-Apr-10 | 29-Oct-10 |            | 5,000,000  |
| NEDCOR BANK     | 7881501480000100 | 13,000,000 | 9  | 7.51% | 09-Feb-10 | 09-Nov-10 |            | 13,000,000 |
| NEDCOR BANK     | 7881501480000094 | 10,000,000 | 12 | 7.93% | 26-Nov-09 | 25-Nov-10 |            | 10,000,000 |
| FIRST RAND BANK | 71226405019      | 27,000,000 | 6  | 6.70% | 31-May-10 | 30-Nov-10 |            | 27,000,000 |
| NEDCOR BANK     | 7881501480000097 | 21,000,000 | 12 | 7.81% | 08-Dec-09 | 07-Dec-10 |            | 21,000,000 |
| ABSA GROUP      | 2069932230       | 25,000,000 | 11 | 7.80% | 19-Jan-10 | 20-Dec-10 |            | 25,000,000 |
| STANDARD BANK   | 088430537135     | 6,000,000  | 11 | 7.50% | 09-Feb-10 | 10-Jan-11 |            | 6,000,000  |
| INVESTEC        | DA888651         | 8,000,000  | 7  | 6.83% | 28-Jun-10 | 28-Jan-11 |            | 8,000,000  |
| STANDARD BANK   | 088430537137     | 10,000,000 | 9  | 6.87% | 29-Apr-10 | 29-Jan-11 |            | 10,000,000 |
| ABSA GROUP      | 2070004488       | 17,000,000 | 12 | 7.60% | 09-Feb-10 | 08-Feb-11 |            | 17,000,000 |
| STANDARD BANK   | 088430537139     | 17,000,000 | 8  | 6.70% | 29-Jun-10 | 01-Mar-11 |            | 17,000,000 |

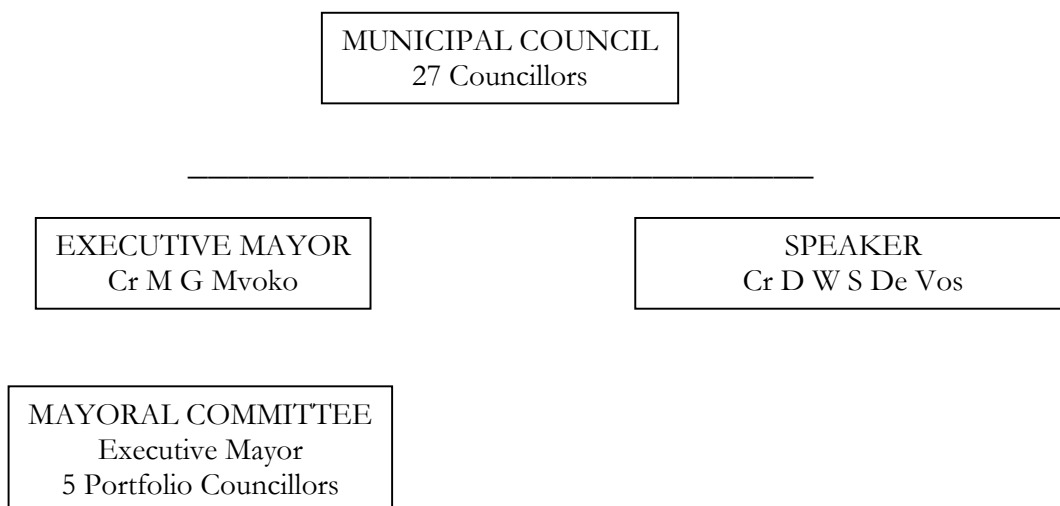
|               |              |            |    |       |           |           |                    |
|---------------|--------------|------------|----|-------|-----------|-----------|--------------------|
| STANDARD BANK | 088430537136 | 17,000,000 | 12 | 7.13% | 01-Apr-10 | 30-Mar-11 | 17,000,000         |
| ABSA GROUP    | 2070188527   | 6,000,000  | 12 | 7.15% | 01-Apr-10 | 31-Mar-11 | 6,000,000          |
| INVESTEC      | DA885229     | 2,000,000  | 12 | 7.15% | 01-Apr-10 | 31-Mar-11 | 2,000,000          |
| ABSA GROUP    | 2070368313   | 10,000,000 | 12 | 7.07% | 31-May-10 | 30-May-11 | 10,000,000         |
| STANDARD BANK | 088430537138 | 20,000,000 | 12 | 7.10% | 31-May-10 | 30-May-11 | 20,000,000         |
|               |              |            |    |       |           |           | <hr/>              |
|               |              |            |    |       |           |           | <b>340,000,000</b> |
|               |              |            |    |       |           |           | <hr/>              |

## **CHAPTER 5 : GOOD GOVERNANCE AND PUBLIC PARTICIPATION – (KPA 5)**

### **OVERVIEW OF THE EXECUTIVE AND COUNCIL FUNCTIONS AND ACHIEVEMENTS**

The function of Executive and Council within the Municipality is administered by the Office of the Executive Mayor and Municipal Manager.

All decisions are taken by the Council, the Executive Mayor in consultation with the Mayoral Committee, or senior officials in terms of authority delegated by legislation and/or the delegations of authority adopted by the Council on 1 December 2004, and revised on 28 November 2007.



### **PORTFOLIO COUNCILLORS AND MEMBERS OF MAYORAL COMMITTEE**

Economic Development  
Infrastructure  
Corporate Services  
Finance  
Health Services

Cr P Kate  
Cr P Faxi  
Cr H Platjies  
Cr N Pieters  
Cr K Kekana

**MEMBERS OF THE COUNCIL AS AT 30 JUNE 2010**

Mr D J Bezuidenhout  
Mr J Cawood  
Ms G Coltman  
Mr D S W de Vos  
Ms N V Faltein  
Mr P P Faxi  
Ms G Hawu  
Mr H M Hendricks  
Mr V S Jonas  
Mr C Jones-Phillipson  
Mr P M Kate  
Mrs K E Kekana  
Mr Z A Lose  
Mr D Mnyungula  
Mr M G Mvoko  
Mr J M Nel  
Mr A L Nortje  
Mr M Phongolo  
Ms N N Pieters  
Ms H L Plaatjies  
Mr I Reid  
Ms R Rollison  
Mr K M Tshume  
Ms N Vanda  
Mr M G Whisson  
Mr O M Williams  
Mr M Wogane

Seven meetings of Council were held during the year under review.

The following committees have been established to deal with specific issues and make recommendations thereon to the Mayoral Committee, or the Council via the Mayoral Committee. The number of meetings of these committees held during the year under review are indicated below:

| <b>COMMITTEE/FORUM</b>              | <b>NUMBER OF MEETINGS<br/>2008/09</b> |
|-------------------------------------|---------------------------------------|
| Mayoral Committee                   | 9                                     |
| Audit/Performance Audit Committee   | 3                                     |
| Bid Committees                      | 11                                    |
| Cacadu District Mayors' Forum (IGF) | 5                                     |
| Municipal Managers Forum            | 3                                     |
| Cacadu District Health Council      | 3                                     |
| Local Labour Forum                  | 5                                     |

|                                           |   |
|-------------------------------------------|---|
| District Aids Council                     | 3 |
| DMA Committee                             | 4 |
| District Wide Infrastructure Forum        | 4 |
| Chief Financial Officers Forum            | 0 |
| Heritage Advisory Committee               | 0 |
| Budget Committee                          | 1 |
| Oversight Committee                       | 1 |
| Disaster Management Advisory Forum        | 4 |
| District Communicators Forum              | 1 |
| Health Standing Committee (Pilot)         | 0 |
| Infrastructure Standing Committee (Pilot) | 0 |

### Strategic objectives

- Improve municipal governance
- Create closer linkages with constituency
- Promote effective and transparent communication

### Key issues for 2009/2010

- Outreach by Executive Committee of the Province (Premier and MECs) to Cacadu District on 16 & 17 July 2009
- Election of Cr V Lwana, Portfolio Councillor for Infrastructure and Planning, as Executive Mayor for Makana Municipality
- Appointment of new Portfolio Councillor and changes in portfolios
- Efforts to establish closer intergovernmental relations between the District and Provincial Sector Departments
- Adoption of Special Programmes Policies and strategic plans for Disabled persons and Youth
- Appointment of DMA Demarcation Task Team
- District Launch of Moral Regeneration Movement on 30 April 2010 in Port Alfred
- Visit by delegation from Jincheng City, China, to further explore areas of co-operation between that municipality and the CDM
- Intergovernmental Relations Summit on 7 and 8 December 2009
- Adoption of new Standing Rules and Orders for Council in May 2010

## **PUBLIC PARTICIPATION AND CONSULTATION**

### **District Management Area**

The Cacadu District Municipality has direct interaction with communities in the District Management Area through the District Management Area (DMA) Committee. The Committee is comprised of representatives from each of the settlements in the DMA as well as the District Councillor for the DMA and regular meetings held, which are chaired by the Speaker of Council. The system works well and provides regular opportunities to hear from and respond to the needs of the communities raised by their community representatives.

In addition to the above, a number of outreaches and direct interactions with the communities of all six settlements in the DMA took place during the year under review. Issues discussed at these events included housing matters, the impending inclusion of the DMA area into neighbouring local municipalities, and general community matters.

### **Moral Regeneration Movement (MRM)**

During the year under review, the municipality embarked on an intensive public participation and consultation programme to revive and relaunch local Moral Regeneration Movement structures in local municipalities. The programme included engagements with all stakeholders on Moral Regeneration issues as well as induction and development of programmes of action for the structures. The programme was very successful and structures comprising ten members or more have been established in each of the nine local municipalities.

The District wide launch of the MRM structures took place on 30 April 2010 in Port Alfred, Ndlambe Municipality.

### **Provincial Executive Committee Outreach to Cacadu District - July 2009**

During June 2009, the Provincial Executive Council embarked on an Outreach Programme covering the metro and six district municipalities. The objectives of the outreach were broadly to deepen interaction with the community and to strengthen inter sphere cooperation on matters of integrated governance. It was also to address service delivery challenges in a co-ordinated and integrated manner.

The Outreach to Cacadu District by the Premier and MECs of the Province took place on 16 and 17 July 2009. The programme included the following public participation elements:

- **Stakeholders Engagement:** This entailed pre-Outreach engagements with stakeholders of Cacadu to enable them to prepare a stakeholders report, as well as a stakeholder meeting in Jeffreys Bay, Kouga, on Day 1 of the Outreach, where the stakeholders' report was presented to the Executive Committee.
- **Mass Community Meeting:** A mass meeting was held on Day 2 in Steytlerville, Baviaans Municipality where communities were given an opportunity to interact with the Provincial Executive as well as the leadership of the District and Local Municipalities on service delivery issues.

### **Other engagements during the year included:**

- A Housing Imbizo/Workshop with all municipalities for the purpose of explaining Housing legislation and policies to them

- A meeting between MECs, Community Development Workers and Ward Committees to discuss the relationship between the CDWs, ward committees and councilors on public participation issues
- Screening of State of the Province address on a big screen at Pearson, Blue Crane Route Municipality on 19 February 2010, to enable the communities to view the address as it was being delivered by the Premier.

### **WARD COMMITTEES ESTABLISHMENT AND FUNCTIONALITY**

Cacadu District Municipality does not have any ward committees but has a District Management Area Steering Committee which serves as structure that is consulted with on any matter related to the District Management Area.

CDM assisted 4 local municipalities to develop their public participation policies and strategies. Though this process the ward committees played a very important role.

### **COMMUNITY DEVELOPMENT WORKERS PERFORMANCE MONITORING**

Cacadu District Municipality does not have any Community Development Workers reporting to its council; however there is continuous interaction with them with regards to programmes of the council where they serve as mouth pieces. They also assist in mobilizing stakeholders for consultation.

### **COMMUNICATION STRATEGY**

The Cacadu District Communication strategy was adopted by Council on 28 May 2008. The Cacadu District Municipality Communication Core team was established in June 2010 with representatives from the municipality, Office of the Premier and GCIS. Road shows to the majority of Local Municipalities were conducted between June and October 2010, with a view to assisting the Local Municipalities with communication planning and related initiatives. The District Communicators' Forum is being re-established and the first meeting is due to take place before the end of 2010.

The various components of the Communication function have been decentralized in the organization and responsibilities have been assigned as detailed below:

|                                                                                             | <b>Responsibility</b>    |
|---------------------------------------------------------------------------------------------|--------------------------|
| <b>Media Relations</b>                                                                      |                          |
| Routine media statements for the Municipality / Media Statements, Opinion Pieces & Articles | MM's office              |
| Media Relations and Liaison (Council meeting, Agendas, Media Briefings)                     | Public Relations Officer |
| Work closely with Admin Officer in Speaker's Office                                         | Public Relations Officer |

|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Communications Research</b><br>Content Development and Management<br>Media Monitoring and Communication Environmental Analysis<br><br>Speech Writing<br>Website Content Management<br><br>Branding and Corporate ID<br>Key messages for Campaigns and Projects | MM's Office<br>Public Relations Officer<br>Senior Admin Officer, Office of the Executive Mayor<br>MM's Office<br><br>Public Relations Officer, Speaker's Office                                                                                                  |
| <b>Corporate Communications &amp; Marketing</b><br>Internal and External Communications (Newspaper)<br>Marketing (Institution and its Services)<br>Events Management<br>Convening the District Communicators' Forum and Support to Local Municipalities           | Public Relations Officer<br>Public Relations Officer<br>Public Relations Officer<br>Public Relations Officer                                                                                                                                                     |
| <b>Outreach and Community Liaison</b><br>Inter Governmental Relations<br><br>Outreach Programmes<br><br>Community Liaison<br><br>Izimbizo<br><br>Stakeholder's Liaison and Mobilization<br><br>Local Government Communication                                     | Senior Admin Officer, Office of the Executive Mayor<br>Senior Admin Officer Speaker's Office<br>Senior Admin Officer Speaker's Office<br>Senior Admin Officer Speaker's Office<br>Senior Admin Officer Speaker's Office<br>Senior Admin Officer Speaker's Office |

## **INTERGOVERNMENTAL RELATIONS**

Cacadu District Municipality adopted its IGR policy in 2005 and has implemented it on an ongoing basis since then. The meetings of the IGR Forums are reported on under "Overview of the Executive and Council functions" above.

The Municipality has partnership agreements with two municipalities in South Africa, namely the Nelson Mandela Bay Metropolitan Municipality and the Cape Winelands District Municipality. It has also entered into an agreement with the the Peoples Municipality of Jincheng City in China, in terms of which areas of co-operation are being explored.

## **LEGAL MATTERS**

### **1. Setting up of Legal Units**

There is one legal officer who is responsible for litigation, to ensure compliance with all relevant Acts and Regulations, provide legal opinions in legal actions leveled against the Municipality, give advice on labour matters, assist in investigations relating to disciplinary hearings, prepare legal documents such as lease agreements, contract etc, provide legal support to local municipalities and attend to all legal matters of the municipality. There are however complex legal issues that are dealt with by external legal service providers. The names of the firms which were used during the period



under review are, Rushmere & Noach Attorneys, Boqwana Loon & Connellan Inc, Goldberg & De Villiers Inc.

**2. Management of litigation**

- a. Favourable cases - Nil
- b. Unfavourable cases - Nil

There are cases pending that have not been finalized, which have been set down for hearing in court sometime in 2010 as detailed hereunder:

| Case name                      | Nature of the case                                         | Date of commencement | Reasons for extensive duration                                                                                                                                     |
|--------------------------------|------------------------------------------------------------|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CDM v Raj Maharaj & Associates | Claim for damages as a result of poor workmanship          | November 2004        | Matter was not settled as envisaged and has been set down for trial in July 2011                                                                                   |
| Baird v CDM                    | Claim for damages for the repudiation of disability claim. |                      | Matter was set down for hearing in August 2010, due to the Plaintiff's Attorney not having filed all the necessary documents, the matter was removed from the roll |
| Transnet v CDM                 | Claim of damages as a result of a collision                | 15 October 2009      | This matter is being handle by Insurance company                                                                                                                   |

**3. Default judgments - Nil**

**4. Prevention mechanisms of current litigations**

The CDM Risk Management Strategy incorporates the assessment of legal risk and the strategies that can be put in place as prevention mechanisms for such risks as identified.

**5. Criminal matters emanating from corruption and fraud - Nil**

6. **Management of Legal Risks**

There is no specific policy dealing with management of legal risk, this is dealt with in the Municipality's Risk Management Strategy.

## **PART 3**

### **FUNCTIONAL AREAS REPORTING AND ANNEXURES**

#### **NOTE:**

Functional Areas Service Delivery reports are included only for those areas which have not already been comprehensively covered in Part 2 of this report.

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#### **FUNCTION : FINANCE AND CORPORATE SERVICES**

#### **SUB-FUNCTION: FINANCE (Budget and Treasury Office)**

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#### **Overview**

This includes all activities relating to the finance function of the municipality, including revenue collection.

#### **Description of Activity**

The function of finance within the municipality is administered by the Budget and Treasury Office of the Department: Finance and Corporate Services, and includes:

- provision of relevant, accurate and reliable financial information to all users including councillors, managers and stakeholders to facilitate informed decision making
- provision, maintenance and implementation of sound financial policy, controls and systems
- ongoing introduction of budgetary and accounting reforms
- production of annual budget and annual financial statements
- internal audit and risk management
- the maintenance of an effective system of expenditure control, including procedures for the approval, authorization, withdrawal and payment of funds. All monies owed to suppliers and service providers are paid within 30 days of receiving the relevant invoice or statement unless there are special arrangements
- provision of financial advice to the Mayoral Committee, Council and Departments
- administration of the investment and insurance portfolios of the municipality
- management of conditional grants
- asset and liability management
- revenue collection and cash flow management
- capacity building by way of training interns, councillors and officials.

#### **Strategic Objectives**

- ensure long-term financial sustainability

- ensure full compliance with all accounting statutory and legal requirements including implementation of the MFMA
- implement revenue generating strategies and lobby for additional equitable share of National Revenue
- recover outstanding monies owed by the Provincial Government in respect of health subsidies and long term liabilities
- provide support to nine local municipalities

#### Key Issues for 2009/2010

- Produced Operating and Capital budget in the prescribed format and within the specified guidelines and timeframes;
- Produced GRAP compliant Financial Statements within the required timeframes;
- Compliance with Supply Chain Management regulations, policy and systems;
- Improvement of financial system with regards to
  - infrastructure projects;
  - new budget formats;
  - Rates
  - Supply Chain Management
- Compliance to MFMA reporting requirements;
- Provided Supply Chain Management training to all Local Municipalities that comply with the National Qualifications Framework (NQF);
- Implementation of Caseware software to assist with budget preparation and the compilation of the Annual Financial Statements.

#### **Analysis of Function**

An analysis of the function is contained in the Annual Financial Statements which appear on pages 44 to 107.

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**FUNCTION : FINANCE AND CORPORATE SERVICES SUB-FUNCTION: HUMAN RESOURCES**

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**Overview**

Includes all activities relating to the Human Resource Management function including recruitment, selection, induction, people management, and payroll administration.

**Description of Activity**

Human Resource Management is a specialized function which provides support services for other managers in the institution to enable them to make optimal use of their personnel, and includes the following:

1. Developing HR Policies and Procedures

2. Recruitment and Selection –

The recruitment, including overseeing the preparation of job descriptions, advertising, interviewing and appointment of personnel

3. Induction of new officials

4. Skills Development Facilitation

5. Employer/Employee Relations

6. Employment Equity

**Strategic Objectives**

- Maintenance and review of personnel policies
- Effective functioning of the Local Labour Forum and maintenance of labour peace
- Employment equity and skills development.
- Human resource planning
- Organisational development
- Provide support to Local Municipalities

**Key Issues for 2009/2010**

- Adoption and implementation of Workplace Skills Plan for 2009/2010
- Monitor implementation of Employment Equity Plan
- Adoption and submission of Employment Equity Implementation Plan (DOL)

- Training programmes conducted for employees and councillors of district and local municipalities in the following skills –
  - Coaches & Mentors – LGSETA
  - Working with Disabled People
  - Certificate in Local Government Administration
  - Legal and Industrial Relations
  - Development and implementation of EE
  - Development and implementation of WSP – LGSETA
  - Contract Management
  - Records Management – DSRAC, EC
  - Computer Training – Addskills & Eagle Computers
  - Complex Procurement & Vendor Management – Lisho Events Management Forum
  - Certificate Programme in Municipal Development (CPMD)
  - Municipal Management Skills (SALGA)
  - Management and Leadership Skills
- Review of Institutional arrangements

### **Analysis of Function**

| Number and cost of all municipal staff employed: | Number | Total Cost<br>2009/2010 |
|--------------------------------------------------|--------|-------------------------|
|                                                  |        | <b><u>R</u></b>         |
| - Top Management (Councillors, Section 57)       | 32     | 8 433 293               |
| - Senior management                              | 2      | 1 051 533               |
| - Professionals                                  | 13     | 5 796 595               |
| - Skills Technical and Academically qualified    | 82     | 17 432 269              |
| - Semi-Skilled                                   | 43     | 9 789 235               |
| - Unskilled                                      | 66     | 4 951 034               |
| TOTALS                                           | 238    | 47 353 959              |

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**FUNCTION : FINANCE AND CORPORATE SERVICES**  
**SUB-FUNCTION: INFORMATION TECHNOLOGY**

---

**Overview**

Includes all activities relating to the provision, maintenance and protection of all relevant Information Technology systems including a web site and maintaining and protecting the integrity of the corporate data required by officials of CDM.

**Description of Activity**

The function is administered as follows:

The CDM's information systems and hardware is owned by the municipality and the support is provided by external service providers.

The Municipality's website is maintained by an external service provider under the guidance of a committee of senior officials appointed to monitor content and accuracy of input and ensure that the website is constantly updated.

While most ICT staff fall under the Finance and Corporate Services Department, some specialist information systems, such as GIS, are maintained by personnel in other departments.

The IT function includes:

- APPx Financial System application development as required
- User training and Telephonic Support
- All necessary data file updates
- All necessary APPx software upgrades
- All system and user documentation as required
- Backup function: System and data backups on a daily, monthly and annual basis
- Data Capture: All data as required for transaction processing and month end functions
- Reporting duties: Printing of all required accounts and necessary reports
- Batch runs: Process and run the daily, weekly and monthly batches
- Internet and E-mail administration and support
- PC and Network administration support

### **Strategic Objectives**

Ensure that the CDM can maintain accurate and reliable accounting records through systems development and accurate processing.

### **Key Issues and Projects for 2009/2010**

- Connect with Cacadu Project was continued this year with 10 more libraries being connected. Each has its own server, and between the 10 libraries 54 PC's and 10 printers were setup.
- GIS server was installed, which is being used for regional GIS purposes.
- Upgraded the backup software from Symantec Backup Exec 12D to Symantec Backup Exec 2010.
- Installed a new windows 2008 print server which manages all the network printers.
- The new rates system started in 2008/2009 was completed.
- The accounting month end process was rewritten together with a procedure manual.
- Programs were written to automatically transfer relevant transactions from the appx system to the IDP Management system whenever an update is done.
- Additional controls were built into the cheque run procedure, whereby the bank balance is checked before a cheque run. The finance manager can now control various limits e.g. bank balance remaining after the cheque run, cheque run limit, cheque limits etc.
- Additional controls were added to the processing of payment vouchers with cheque requests and payment certificates requiring additional authorisation. Payment vouchers processed against a Job Costing vote also now check the ledger to ensure the funds have been received.
- The transfer of surplus and deficit accounts to accumulated surplus has been automated.
- Exception reporting developed for cheques produced more than 30 days from date of invoice.



### **Analysis of Function**

Number and cost of all personnel associated with the Information Technology function:

|                                                       | Total cost<br>R |
|-------------------------------------------------------|-----------------|
| Permanent Staff – System Administration (1)           | 278 461         |
| Outsourced – Program maintenance and data capture (3) | 979 000         |

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**FUNCTION : FINANCE AND CORPORATE SERVICES**  
**SUB-FUNCTION: OTHER ADMIN (SUPPORT SERVICES)**

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**Overview**

Includes all activities relating to supporting the organisation, including providing Secretarial Services and Auxiliary Services to Council and Committees, Archives and Central Registry, Legal Services and Property Management

**Description of Activity**

The support services are administered by the Corporate Services Division of the Department : Finance and Corporate Services, and include the following:

1. Secretarial/Auxiliary Services

The Secretariat provides secretarial and administrative support services to the Council, Mayoral Committee, and other committees established for specific purposes (see list under Function: Executive and Council). These services include meeting arrangements, printing and distribution of agendas, keeping of minutes of all meetings and ensuring that resolutions are executed.

2. Archives and Central Registry

The Central Registry and Archives office is responsible for receiving, tracking, filing and retrieving all documents addressed to and leaving the offices of the CDM.

3. Legal Services/Property Management

This includes:

- Contract administration
- Dealing with legal proceedings instituted by/against the Municipality
- Dealing with all matters relating to Municipal-owned property including acquisition/alienation, leases, valuations
- Security and Cleaning Services

**Strategic Objectives**

To provide cost effective administrative support services to the Council and its committees and departments.

#### Key issues for 2009/2010

- The Council, Mayoral Committee and other committees/forums held regular meetings during the year under review
- The two standing committees (Health Committee and Infrastructure and Planning Committee) suffered setbacks as a result of cancellation and postponement of meetings, mainly due to the fact that most items relevant to these committees also serve before the District Wide Infrastructure Forum or the District Health Forum
- Switchboard operations were amalgamated with the Disaster Management Communications Centre to consolidate all communication systems for maximum effectiveness.

#### **Analysis of function:**

Number and cost of personnel associated with the Support Services function:

|                               |            |
|-------------------------------|------------|
| Secretariate                  | 3          |
| Auxiliary Services            | 10         |
| Legal and Property Management | 1          |
| TOTAL COST                    | R2 819 629 |

#### **Grants and subsidies received:**

None

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**FUNCTION: FINANCE AND CORPORATE SERVICES**  
**SUB-FUNCTION: OTHER ADMIN (PUBLIC RELATIONS)**

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**Overview:**

Includes all activities related to communication, marketing, publicity and media co-ordination for the Municipality and the district (geographical area).

**Description of Activity:**

This function within the Municipality is administered by the Department of Finance and Corporate services and includes:

- Promoting the Municipality by providing sufficient information to the public and staff about Municipal issues.
- Planning and co-ordinating municipal events such as Public Participation Programmes, community meetings, project launches and handovers.
- Promoting and managing the Municipality's corporate identity and public image.
- Formulating and maintaining the Municipality's Communication Strategy, while also assisting the Local Municipalities in this regard.
- Stakeholder management.
- Speech writing on behalf of the Mayor and Speaker to present at Council meetings and other events.

**Strategic objectives:**

- Build good relationships between the Municipality and identified target publics (internal as well as external) and stakeholders.
- To gain public understanding about the Municipality's services, policies, procedures, goals and activities.
- To uphold the image and reputation of the Municipality.

**Key issues for 2009 – 2010:**

- The publication of three issues of *Cacadu News*, the official external newspaper of the Cacadu District Municipality.
- The establishment and coordination of the Communication Core Team (CCT) consisting of a representative from the Office of the Premier, Government Communication and Information Systems and the Public Relations Officer of the Cacadu District Municipality.
- Ongoing communication with media, media management of key municipal issues and media support to council meetings.
- Providing branding and media support to district events.
- Representing the Municipality at events such as the Tourism Indaba which took place in May 2010 in the city of Durban.
- Media Campaigns for Municipal programmes such as Connect with Cacadu.

- Updating the signage within the Municipality building.

**Analysis of function:**

Number and cost of personnel associated with the Public Relations function:

1 Public Relations Officer      Cost: R214 531

**Grants and subsidies received:**

None

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**FUNCTION: PLANNING AND DEVELOPMENT**  
**SUB-FUNCTION: DISTRICT WIDE STRATEGIC PLANNING**

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### **Overview**

Includes all activities relating to formulation, monitoring of implementation, evaluation and review of strategic plans for the whole district.

### **Description of the Activity**

The function of **integrated development planning** is administered by the Department: Infrastructure Services and Planning.

The main activity is to formulate a **five year strategic plan**, monitor and support those implementing the plan, and review the plan annually, in terms of Chapter 5 of the Municipal Systems Act 32 of 2000 (including notice R796 regulations) and in terms of the Municipal Finance Management Act 56 of 2003

### **Strategic objectives:**

- Integrated development planning for the district as a whole, including a framework for integrated development plans of all category B municipalities. This includes the development and / or review of the following:
  - The Spatial Development Framework. (SDF)
  - Updated socio-economic profiles.
  - Da Gama Urban Design Initiative
  - Somerset East Urban Design Initiative..
- To become an established and effective integrated development planning authority in the Cacadu District through:
  - Facilitating the District's service delivery through infrastructure and services that are planned, delivered, upgraded or managed in such a way that support the District's vision and priorities.
  - Facilitating the prioritization of infrastructure projects and programmes that support the District's vision and priorities.
- Co-ordination and support to the planning function of local municipalities

### **Key issues for 2009/2010**

- The timely review of the District Municipality's Integrated Development Plan for 2009/2010, which included the following key activities:
  - Development of a district-wide IDP Review Framework Plan that was adopted by all category B municipalities and used to develop Process Plans for IDP review.

- Compilation of an IDP & Budget Schedule in conjunction with the Finance Unit, in line with the MFMA.
  - Facilitation of various meetings and workshops with the following stakeholders: nine category B municipalities; provincial sector departments; private business sector; public entities; NGOs & CBOs
  - Development of capacity within CDM departments through using CDM resources as opposed to engaging external service providers
  - Fulfilling horizontal alignment between municipalities and vertical alignment requirements
  - Analysis of development priorities
  - Review and, where required, amendment of strategies, objectives and projects
  - Review of sector plans and operational strategies
  - Development of new plans in areas where plans were not in place
  - Aligning and integrating programmes and plans to the PGDP of the Eastern Cape government
  - Strengthening and improving public participation
  - Preparation of IDP review document and submission thereof to Council for approval
- The IDP was reviewed without assistance from external service providers. This resulted in increased staff participation and increased strategic planning capacity within the CDM. This has also brought about considerable savings.

#### **Analysis of Function:**

IDP support to the nine category B municipalities is delivered using the following ‘vehicles’:

- The District Framework Plan that serves as a guide on critical steps in planning and timeframes.

#### **Number personnel associated with the Planning function:**

1x Head: Planning  
 2x Development Planners  
 1x Infrastructure Planner  
 1x Engineer : Water and Sanitation

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**FUNCTION: PLANNING AND DEVELOPMENT**  
**SUB-FUNCTION: OTHER (CAPACITY BUILDING)**

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**Overview**

According to Section 83(3) of the Municipal Structures Act (MSA) No.117 of 1998, district municipalities have an obligation to assist local municipalities within their demarcated areas by building their capacity to perform their functions and exercise their powers where such capacity is lacking.

**Description of the Activity**

The function of capacity building is co-ordinated by a Capacity Building Unit in the Office of the Municipal Manager. Capacity building initiatives are however performed and/or managed in all Departments of the CDM.

The activity is performed by implementing initiatives aimed at empowering local municipalities to enable them to discharge their constitutional mandate and meet specific legislative prescripts. These initiatives include:

- facilitating shared services among the local municipalities in the District
- co-ordinating district wide capacity building and training projects
- conducting specific capacity building and training projects per local municipality based on identified needs
- ensuring the efficient utilization of resources
- managing the information resource centre
- compiling, maintaining and managing a district information management system in collaboration with all departments.
- sourcing funds for the implementation of programmes and projects within the district.
- establishing knowledge sharing networks within and beyond the district aimed at strengthening capacity building initiatives in the district.

**Strategic objectives:**

Local municipalities that are:

- able to perform their legislated powers and functions and efficiently deliver cost effective services to their communities
- Self sufficient, developmental in nature and financially sustainable.
- Closely networked and have functioning knowledge sharing structures both within the district and beyond.



### Key issues for 2009/2010

Initiatives in the following categories were implemented or were in progress for capacity building and support to local municipalities during the year under review:

#### Human Resources

- District wide Skills Audit for all employees below section 57s.
- Technical support to local municipalities
- Create and Implement a Workplace Skill Plan (WSP)

#### Finance Support

1. Ensure updated indigent register is in place
2. Conduct practical MFMA training

#### Budget and Budgetary Controls

Produce monthly cash flows statements

- New budget regulations have been introduced by NT who has been arranging training sessions in the province. Training interventions are also being arranged by the DLG&TA. The CDM is also in the process of installing Caseware in an effort to comply with the NT budget formats and other reporting requirements. Although it is facing a number of challenges with the implementation of the software it will encourage LM'S to adopt Caseware and assist with implementation. The system produces cash flow statements

#### Annual Financial Statements

1. Complete and submit annual financial statements
  - Workshop was arranged to provide information to local municipalities to assist them to compile GRAP compliant Annual Financial Statements. Unfortunately not all attended the important workshop.
2. Ensure asset register is in place and review annually
  - All LMs including the district received a grant to develop an asset register that is GRAP/GAMAP compliant.

#### Internal Audit

Ensure internal audit is in place

- The CDM went out on tender for internal audit services during 2009 and a service provider was appointed for a period of 5 years. CDM works closely with service provider to ensure that this vitally important structure of corporate governance functions effectively.

#### Audit Committees

Ensure audit committees are in place

- Audit committees are still functioning on a shared services basis and the service provider attends all the meetings in the district. As from 1 July 2009 LMS were responsible for the recruitment and payment of audit committee members. A concern has been raised regarding the functioning of these committees at SRVM and Koukamma municipalities which are now under administration.

#### Procurement

Develop and implement policy and conduct staff training

- Training took place but not all local municipalities attended. An arrangement has been made with the remainder of the local municipalities to have the training in October 2010.

#### General:

1. Review and re-align structure into Roles and Responsibilities and Delegations
  - An analysis of what policies have been approved in terms of Roles and Responsibilities and Delegation of Power in respect of each local municipality has been conducted. Reports have been tabled to all local municipalities that were part of the programme.
  - Turn Around plans have been developed and their focus is on Development of Rules of Order, Roles and Responsibilities and Delegations Register, development of Finance Policies and By Laws (Customer Care and Revenue Management, Rates Policy, Tariff and credit control). Workshopping the above policies and by laws was also part of the turn around plan.
2. PMS support to Blue Crane Route, Makana, Ndlambe and SRV
3. IDP support to all LMs
4. GIS Support to Makana

#### Local Economic Development

1. Through the Thina Sinakho programme, LED officers and portfolio councilors have been taken through various learning networks and training to both improve their understanding of LED and build LED appropriate systems to improve project generation, management and monitoring and evaluation.
2. Cacadu District Municipality facilitated the provision of grants from the provincial department of Cooperative governance for Capacity building and employment of people to effectively perform LED function for the following Local Municipalities:
  - Ikhwezi Local Municipality
  - Bavians Local Municipality
  - Camdeboo Local Municipality

#### Tourism

1. Establishment of Local Tourism Organizations
2. Tourism Development Support Programme
  - Following the development and revision of Responsible Tourism Sector Plans for local municipalities, grant funding has been approved to Bavians

and Makana Municipalities to kick start the implementation of their respective tourism plans. The remaining seven local municipalities may apply for this seed funding upon Council adoption of their Responsible Tourism Sector Plans

**Special Programmes**

- Policies on Youth Development and empowerment of People with Disabilities have been developed, still consulting on the women empowerment one.
- Strategic plan for the above policies have been developed for CDM and assisted SRV, Ikwezi and BCR to develop their own strategic plans.

**Analysis of Function:**

Number and cost of personnel associated with the Capacity Building function:

1 Capacity Building Manager

1 Administrative Officer (Vacant)

Total Costs: R

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**FUNCTION : HEALTH SERVICES**  
**SUB-FUNCTION : PRIMARY HEALTH CARE SERVICES**

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**Overview**

Includes all activities associated with the provision of primary health care services which are performed by the Municipality as an agent for the East Cape Provincial Department of Health.

**Description of Activity**

The function of provision of community health clinics within the municipality is administered as follows:

The Cacadu District has been divided into three Health Sub-Districts (HSDs). The total population of the Cacadu District is 419 337 as per the Eastern Cape Cacadu – Facility Population Mid-Year estimates. Details of distribution of the population between the Health Sub-Districts are as follows:

**Camdeboo Health Sub District**

(Camdeboo, Blue Crane Route, Ikwezi, Baviaans Municipalities and ECDMA) – 118 181

**Makana Health Sub District**

(Makana and Ndlambe Municipalities) – 140 084

**Kouga Health Sub District**

(Kouga, Koukamma and SRV Municipalities) – 161 072

The service is rendered by CDM at 25 fixed clinics, 11 satellite clinics and 27 mobile clinics throughout the District, mainly in smaller towns and farming areas. The service is also rendered by seven local municipalities in the larger centres. Ikwezi and Baviaans Municipalities have seconded their PHC staff to CDM to render PHC services in their areas.

The function of provision of Primary Health Care services within the municipality includes:

- Maternal and Child Health Services
  - Reproductive Health including contraception and pap smears
  - Antenatal
  - Postnatal
  - Child Health (0 - 5 years), including immunization, nutrition and growth monitoring
  - Youth health (6 – 18 years)

- Provision of promotive, preventive and primary level (minor ailments) services
- Provision of Essential Medicines, including those for minor ailments as well as chronic medication (drug management)
- Provision of curative services to combat non communicable diseases such as treatment of curative and chronic conditions
- Provision of services to combat and control communicable disease, which includes screening, medication, counselling and laboratory services for the following conditions:
  - Tuberculosis
  - Sexually Transmitted Infections (STIs) and HIV and AIDS
  - Notifiable diseases
- Provision of EPI Surveillance Programme Services, which include:
  - Delivery of safe patent vaccines to appropriate target groups, using effective vaccination strategies
  - Effective disease surveillance and control measures to permit the early detection and investigation of cases and/or outbreaks and the implementation of appropriate responses.
- Provision of geriatric health services
- Provision, implementation and maintenance of an effective Health Information System
- Other services
  - Maintenance of laboratory services
  - Clinic infrastructure and equipment
  - Effective disposal of medical waste
  - Training of managers and staff

These services extend to include HIV and Aids awareness programmes, capacity building programmes and special health projects, but do not take account of EMRS Services which are provided by provincial government.

### Strategic Objectives

The strategic objectives of the PHC function are to:

- Improve the health status of the communities through the provision and maintenance of a comprehensive package of PHC service at each CDM service point

- Improve the health status of the community through a functionally integrated Primary Health Care service (PHC)
- Improve the HIV and AIDS status of the community
- Provide effective management systems within the Health Department

Key issues for 2009/2010:

- Continued implementation of strategies to integrate health care services in the District through:
  - Attendance of various structures so as to keep abreast of the provincialisation process
  - The maintenance of a District Health Council (DHC) with representation from Local Municipalities (LMs) Eastern Cape Department of Health (ECDoH), Local Service Area (LSA) Managers and CDM.
  - Maintenance and promotion of functional integration of municipal clinics e.g. Steytlerville and Klipplaat clinics as well as placement of ECDoH Professional Nurses with CDM.
- Continual interaction with ECDoH to try and address the ever decreasing financial allocations with resultant shortfalls on the PHC budget.
- -Ensure health training takes place in accordance with the submitted skills development plan
- Ensure the provision and evaluation of a comprehensive PHC service at each service point
- Ensure the equitable distribution and accessibility of PHC services within the area through the review of mobile clinic service routes, set and satellite clinic coverage
- Ensure the implementation of a performance review system.

### Analysis of function

#### Number and Cost of Health Clinic Personnel and number and general running cost per clinic / service point as at 30 June 2010

| Cost Centre                | Type of Service Point              | Category of Staff                | No. Budgeted For 2009/2010 | BUDGET 2009/2010 |                      |            |
|----------------------------|------------------------------------|----------------------------------|----------------------------|------------------|----------------------|------------|
|                            |                                    |                                  |                            | Personnel Cost   | General Running Cost | Total Cost |
| MANAGEMENT                 |                                    |                                  |                            |                  |                      |            |
| Management                 | Head Office                        | Manager Health Services          | 1                          | 944,561          | 229,500              | 1,174,061  |
|                            |                                    | Personal Assistant               | 1                          |                  |                      |            |
|                            |                                    | Typist/Clerk                     | 1                          |                  |                      |            |
| Head Office                | Head Office                        | Manager PHC                      | 1                          | 0                | 203,521              | 203,521    |
|                            |                                    | Chief Professional Nurse (Admin) | 1                          |                  |                      |            |
|                            |                                    | Senior Typist Clerk              | 1                          |                  |                      |            |
|                            |                                    | Clerk                            | 1                          |                  |                      |            |
|                            |                                    | Clerk                            | 1                          |                  |                      |            |
| TOTAL                      |                                    |                                  | 8                          | 944,561          | 433,021              | 1,377,582  |
| MAKANA HEALTH SUB-DISTRICT |                                    |                                  |                            |                  |                      |            |
| Sub-Office                 | Sub-Office                         | Chief Professional Nurse         | 1                          | 1,109,741        | 444,632              | 1,554,373  |
|                            |                                    | Senior Professional Nurse        | 3                          |                  |                      |            |
| EC 104 Makana              | 3 Mobiles<br>2 Set<br>0 Satellite  | Professional Nurse               | 6                          | 2,493,732        | 874,804              | 3,368,536  |
|                            |                                    | Other                            | 8                          |                  |                      |            |
| EC105 Ndlambe              | 4 Mobiles<br>4 Set<br>0 Satellite  | Professional Nurse               | 12                         | 4,684,397        | 1,475,698            | 6,160,095  |
|                            |                                    | Other                            | 13                         |                  |                      |            |
| EC106 Sundays River Valley | 3 Mobiles<br>2 Set<br>3 Satellite  | Professional Nurse               | 9                          | 3,286,054        | 1,411,437            | 4,697,491  |
|                            |                                    | Other                            | 8                          |                  |                      |            |
| TOTAL                      | 10 Mobiles<br>8 Set<br>3 Satellite | Chief Professional Nurse         | 1                          | 11,573,924       | 4,206,571            | 15,780,495 |
|                            |                                    | Senior Professional Nurse        | 3                          |                  |                      |            |
|                            |                                    | Professional Nurse               | 27                         |                  |                      |            |
|                            |                                    | Other                            | 29                         |                  |                      |            |
|                            |                                    | Total                            | 56                         |                  |                      |            |
| KOUGA HEALTH SUB-DISTRICT  |                                    |                                  |                            |                  |                      |            |
| Sub-Office                 | Sub-Office                         | Chief Professional Nurse         | 1                          | 1,062,401        | 385,721              | 1,448,122  |
|                            |                                    | Senior Professional Nurse        | 3                          |                  |                      |            |
|                            |                                    | Senior Clinic Assistant          | 0                          |                  |                      |            |
| EC 108 Kouga               | 2 Mobiles<br>6 Set<br>1 Satellite  | Professional Nurse               | 13                         | 4,978,530        | 1,568,204            | 6,546,734  |
|                            |                                    | Other                            | 12                         |                  |                      |            |
| EC109 KouKamma             | 4 Mobiles<br>7 Set<br>3 Satellite  | Professional Nurse               | 13                         | 4,659,232        | 1,702,828            | 6,362,060  |
|                            |                                    | Other                            | 11                         |                  |                      |            |
| TOTAL                      | 6 Mobiles<br>13 Set<br>4 Satellite | Chief Professional Nurse         | 1                          | 10,700,163       | 3,656,753            | 14,356,916 |
|                            |                                    | Senior Professional Nurse        | 3                          |                  |                      |            |
|                            |                                    | Professional Nurse               | 26                         |                  |                      |            |
|                            |                                    | Other                            | 23                         |                  |                      |            |
|                            |                                    | Total                            | 49                         |                  |                      |            |

| Cost Centre                                           | Type of Service Point              | Category of Staff           | No. Budgeted For | BUDGET 2009/2010 |                       |            |
|-------------------------------------------------------|------------------------------------|-----------------------------|------------------|------------------|-----------------------|------------|
|                                                       |                                    |                             |                  | Personal Total   | General Running Total | Grand Cost |
| CAMDEBOO HEALTH SUB-DISTRICT                          |                                    |                             |                  |                  |                       |            |
| Sub-Office                                            | Sub-Office                         | Chief Professional Nurse    | 1                | 1,134,426        | 284,629               | 1,419,055  |
|                                                       |                                    | Senior Professional Nurse   | 2                |                  |                       |            |
|                                                       |                                    | Senior Clinic Assistant     | 1                |                  |                       |            |
| EC 101Camdeboo                                        | 3 Mobiles<br>0 Set<br>1 Satellite  | Professional Nurse          | 3                | 1,402,754        | 436,737               | 1,839,491  |
|                                                       |                                    | Other                       | 4                |                  |                       |            |
| EC102 Blue Crane Route                                | 3 Mobiles<br>0 Set<br>2 Satellite  |                             |                  | 1,397,517        | 625,890               | 2,023,407  |
|                                                       |                                    | Professional Nurse          | 4                |                  |                       |            |
|                                                       |                                    | Other                       | 3                |                  |                       |            |
| EC 103 Ikwezi                                         | 1 Mobiles<br>2 Set<br>0 Satellite  | Professional Nurse          | 4                | 1,666,476        | 766,426               | 2,432,902  |
|                                                       |                                    | Other                       | 5                |                  |                       |            |
| EC107 Baviaans                                        | 2 Mobiles<br>1 Set<br>0 Satellite  | Professional Nurse          | 4                | 1,542,427        | 738,692               | 2,281,119  |
|                                                       |                                    | Other                       | 4                |                  |                       |            |
| ECDMA 10                                              | 2 Mobiles<br>1 Set<br>0 Satellite  | Professional Nurse          | 3                | 1,128,207        | 504,132               | 1,632,339  |
|                                                       |                                    | Other                       | 3                |                  |                       |            |
| TOTAL                                                 | 11 Mobiles<br>4 Set<br>3 Satellite | 1 Chief Professional Nurse  | 1                | 8,271,807        | 3,356,506             | 11,628,313 |
|                                                       |                                    | 2 Senior Professional Nurse | 2                |                  |                       |            |
|                                                       |                                    | Professional Nurse          | 18               |                  |                       |            |
|                                                       |                                    | Other                       | 20               |                  |                       |            |
|                                                       |                                    | Total                       | 41               |                  |                       |            |
| TOTAL (BUDGET) 2009/2010                              |                                    |                             |                  | R 43,143,306     |                       |            |
| ACTUAL EXPENDITURE TO 30 JUNE 2010                    |                                    |                             |                  | R 36,645,723     |                       |            |
| SUBSIDY RECEIVED FROM PROVINCIAL DEPARTMENT OF HEALTH |                                    |                             |                  | R 38,500,000     |                       |            |
| Contribution from Health Surplus Account              |                                    |                             |                  | R 1,094,502      |                       |            |
|                                                       |                                    |                             |                  |                  |                       |            |
| OTHER                                                 |                                    |                             |                  | R 20,763         |                       |            |
| Total Income                                          |                                    |                             |                  | R 39,615,265     |                       |            |

- ❖ It must be noted that Head Office budget totals R2,278,600 of which is charged out to clinics.



## PHC SERVICE STATISTICS 2009 - 2010

| No. | INDICATOR                                   | DEFINITION                                                                                                                                                  | YEAR      | CAMDEBOO<br>HSD | KOUGA<br>HSD | MAKANA<br>HSD | DISTRICT<br>AVERAGE | NATIONAL<br>NORM |
|-----|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------------|--------------|---------------|---------------------|------------------|
| 1   | Utilisation Rate<br>(National Norm = 3.5)   | Number of visits per person per year to a public health facility                                                                                            | 2006/2007 | 3.6             | 3.1          | 3.4           | 3.4                 | 3.5              |
|     |                                             |                                                                                                                                                             | 2007/2008 | 3.5             | 3.1          | 3.9           | 3.5                 |                  |
|     |                                             |                                                                                                                                                             | 2008/2009 | 3.6             | 3.5          | 4.1           | 3.7                 |                  |
| 2   | Nurse Clinical Workload                     | Average number of patients seen by the PN per clinic weekday                                                                                                | 2006/2007 | 45.1            | 57.3         | 36.6          | 45.0                | 40               |
|     |                                             |                                                                                                                                                             | 2007/2008 | 40.6            | 52.7         | 39.6          | 43.6                |                  |
|     |                                             |                                                                                                                                                             | 2008/2009 | 34.5            | 50.2         | 40.4          | 41.4                |                  |
| 3   | Children under 5 years weighing rate        | The number of children below 5 years being weighed at each visit                                                                                            | 2006/2007 | 70.3            | 56.0         | 75.1          | 66.3                | 90%              |
|     |                                             |                                                                                                                                                             | 2007/2008 | 71.0            | 75.3         | 70.0          | 72.3                |                  |
|     |                                             |                                                                                                                                                             | 2008/2009 | 71.9            | 82.1         | 67.2          | 74.5                |                  |
| 4   | Severe malnutrition under 5 years incidence | The number of children who weigh below 60%. Expected weight for age under 5 years weighed                                                                   | 2006/2007 | 0.4             | 0.6          | 0.08          | 0.4                 | Less than 1%     |
|     |                                             |                                                                                                                                                             | 2007/2008 | 0.3             | 0.3          | 0.06          | 0.2                 |                  |
|     |                                             |                                                                                                                                                             | 2008/2009 | 0.2             | 0.2          | 0.06          | 0.1                 |                  |
| 5   | Diarrheal Incidence under 5 years           | Diarrheal Incidence Rate (2007/2008 no data available)                                                                                                      | 2006/2007 | 12.1            | 8.1          | 5.5           | 8.6                 | Not stated       |
|     |                                             |                                                                                                                                                             | 2007/2008 | 0               | 0            | 0             | 0                   |                  |
|     |                                             |                                                                                                                                                             | 2008/2009 | 2.3             | 4.0          | 2.0           | 2.9                 |                  |
| 6   | Immunisation coverage under 1 year          | Immunisation coverage under one year namely the percentage of all children in the target group under one year who completed the primary immunization course | 2006/2007 | 61.2            | 76.3         | 74.8          | 71.2                | 90%              |
|     |                                             |                                                                                                                                                             | 2007/2008 | 62.8            | 80.1         | 79.4          | 74.5                |                  |
|     |                                             |                                                                                                                                                             | 2008/2009 | 71.1            | 94.1         | 81.3          | 83.2                |                  |
| 7   | Low birth weight rate                       | Low birth weight refers to babies who weigh less than 2.5 kg at birth                                                                                       | 2006/2007 | 23.0            | 18.9         | 16.7          | 19.3                | Less than 10%    |
|     |                                             |                                                                                                                                                             | 2007/2008 | 22.1            | 16.0         | 16.3          | 17.7                |                  |
|     |                                             |                                                                                                                                                             | 2008/2009 | 22.3            | 18.9         | 14.5          | 18.5                |                  |
| 8   | Caesarean Section rate                      | The number of caesarean section deliveries expressed as a percentage of total deliveries                                                                    | 2006/2007 | 10.5            | 13.7         | 23.8          | 16.1                | 12.5%            |
|     |                                             |                                                                                                                                                             | 2007/2008 | 10.1            | 17.7         | 22.1          | 17.0                |                  |
|     |                                             |                                                                                                                                                             | 2008/2009 | 10.9            | 11.7         | 21.0          | 14.5                |                  |
| 9   | Delivery Rate to women under 18 years       | Percentage of deliveries by women under 18 years                                                                                                            | 2006/2007 | 10.2            | 6.2          | 6.5           | 7.3                 | 13%              |
|     |                                             |                                                                                                                                                             | 2007/2008 | 11.3            | 9.4          | 6.6           | 9.0                 |                  |
|     |                                             |                                                                                                                                                             | 2008/2009 | 10.8            | 11           | 7.8           | 9.9                 |                  |
| 10  | Antenatal visits before 20 weeks rate       | Antenatal visits before 20 weeks rate is the percentage of women who visit the clinic before they are 20 weeks pregnant                                     | 2006/2007 | 40.1            | 46.1         | 46.0          | 44.5                | 40%              |
|     |                                             |                                                                                                                                                             | 2007/2008 | 43.2            | 49.0         | 52.9          | 48.7                |                  |
|     |                                             |                                                                                                                                                             | 2008/2009 | 46.4            | 49.1         | 50.6          | 48.9                |                  |

| PHC SERVICE STATISTICS 2009 - 2010 (contd) |                                               |                                                                                                                  |           |                 |              |               |                     |                |
|--------------------------------------------|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------|-----------|-----------------|--------------|---------------|---------------------|----------------|
| No.                                        | INDICATOR                                     | DEFINITION                                                                                                       | YEAR      | CAMDEBOO<br>HSD | KOUGA<br>HSD | MAKANA<br>HSD | DISTRICT<br>AVERAGE | ACTION<br>NORM |
| 11                                         | HIV prevalence among antenatal clients tested | Percentage of women who are tested positive for HIV during first antenatal visit (voluntary)                     | 2006/2007 | 8.9             | 23.2         | 22.1          | 19.2                | Not stated     |
|                                            |                                               |                                                                                                                  | 2007/2008 | 6.8             | 17.8         | 17.4          | 15.2                |                |
|                                            |                                               |                                                                                                                  | 2008/2009 | 10.1            | 17.9         | 19.1          | 16.3                |                |
| 12                                         | STI Partner Treatment Rate                    | Number of STI partners that report back to facilities for treatment as a percentage of notification slips issued | 2006/2007 | 26.4            | 25.8         | 23.9          | 25.2                | 40%            |
|                                            |                                               |                                                                                                                  | 2007/2008 | 32.7            | 23.5         | 18.4          | 22.9                |                |
|                                            |                                               |                                                                                                                  | 2008/2009 | 24.1            | 22.9         | 21.0          | 22.3                |                |
| 13                                         | New smear positive PTB cure rate              | Cure rate of new smear TB cases                                                                                  | 2006/2007 | 68.7            | 85.9         | 73.0          | 73.8                | 85%            |
|                                            |                                               |                                                                                                                  | 2007/2008 | 69.0            | 73.5         | 79.8          | 75.0                |                |
| 14                                         | New smear positive PTB defaulter rate         | PTB defaulter rate (break in treatment) amongst new smear positive PTB                                           | 2006/2007 | 2.0             | 9.0          | 6.6           | 5.1                 | Less than 5 %  |

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**FUNCTION: COMMUNITY SERVICES**  
**SUB-FUNCTION: ENVIRONMENTAL HEALTH**

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**Overview**

Includes all activities relating to the provision of Environmental (Municipal) Health Services (MHS).

**Description of activity**

The function of Municipal Health Services in the Municipality is administered as follows:

The Municipality has entered into agreements with the local municipalities of Kouga, Blue Crane Route, Camdeboo, Makana and Ndlambe, and Sundays River Valley to render MHS on its behalf in their respective areas of jurisdiction.

The DMA, Ikwezi, and Baviaans local municipality areas are serviced by 2 Environmental Health Practitioners (EHPs), employed by CDM. CDM also appointed a service provider to render EHS/MHS in Kou-Kamma Municipality as a short to medium term measure as their only Environmental Health Practitioner left the institution in March 2009.

The function includes the following activities:

- Water Quality Monitoring
- Food control
- Waste Management
- Health surveillance of premises
- Pauper Burial
- Surveillance and Prevention of Communicable Diseases
- Evaluation of Cemeteries, mortuaries and funeral undertaker establishments
- Attending to applications for exhumations and re-burials
- Active Environmental Education Sessions and Awareness Campaigns/ Programmes

The function as rendered by the Municipality excludes Port Health, Malaria Control and Hazardous Substances.

The strategic objectives of this function are to improve the health status of communities serviced through the identification, evaluation and control of critical factors that affect the physical, social and mental well-being of communities.

### Key issues for 2009/2010:

- Finalization of Section 78 Assessment of EHS/MHS
- Highlighting and reporting a district overview of water quality in structures such as Mayoral Committee, District Wide Infrastructure Forum, Municipal Managers Forum and the District Mayor's Forum
- Maintenance of Environmental Health Joint Management Committee with all local municipalities.
- Health awareness projects were held on waste management, health and hygiene (water and sanitation) and food hygiene.
- Pest control outreaches were conducted and focused on dogs and cats' vaccination, dipping and deworming in Willowmore, Rietbron, Klipplaat, Jansenville, Glenconner, Wolvefontein, Kleinpoort, Vondeling and Miller.
- Training of formal food traders on 5 Keys to Food Safety and Hygiene Practices in Baviaans (Steytlerville and Willowmore) and Ikwezi (Klipplaat and Jansenville).
- Community Food Gardens were initiated and coordinated by EHP's in the DMA (two in Kleinpoort, one in Glenconner, and six in Steytlerville).
- Waste management and clean-up campaigns were conducted in Steytlerville and Rietbron.
- The quality of water and food was monitored through routine inspections and drawing of water and food samples throughout the district.
- Disease outbreak monitoring executed with local municipalities in relation to Cholera and Swine Fever throughout the district.

### Analysis of function

#### Number and cost of personnel associated with Environmental Health Function

Two Environmental Health Practitioners and Manager: Environmental Health Services are employed by CDM. The total budget for the Environmental Health Service is **R9, 365,600.00**. This includes the CDM Head Office budget that is also used to service District Management Area, Ikwezi, Kou-Kamma and Baviaans local municipalities and an allocation/subsidy to 6 Local Municipalities that have entered into service level agreement with CDM.

CDM contributions/subsidy to local municipalities for rendering EHS/MHS has increased substantially over the years from 2006. In the 2009/10 financial year the subsidy was based at R18.50 per capita while CDM remained receiving R12.00 per capita from National Treasury, which indicates under funding of this service by National Government.

During 2009/10, contributions were paid to the LM's for MHS as follows:

|            |               |
|------------|---------------|
| • Kouga    | R1,283,114.25 |
| • Makana   | R1,371,051.00 |
| • BCR      | R 635,431.50  |
| • Camdeboo | R 805,333.65  |
| • Ndlambe  | R1,006,943.85 |

|              |                              |
|--------------|------------------------------|
| • SRV        | <u>R 754,677.00</u>          |
| <b>Total</b> | <b><u>R6, 478,951.05</u></b> |

The year 2008/09 was the last financial year that CDM received allocation/subsidy from the Eastern Cape Department of Health (Bhisho) as a co-funding for the delivery of EHS/MHS. In the financial year 2009/10 CDM is fully funding this service (EHS/MHS).

### **Section 78 Assessment of Municipal Health Services**

One the key issues for 2009/10 is the finalization of Section 78 assessment of EHS/MHS. Environmental/Municipal Health Services was historically a shared service between the Eastern Cape Department of Health, District and Local Municipalities. Section 84(1) of the Municipal Structures Act (Act 117 of 1998) states that MHS is a competency and a function of Metropolitan and District Municipalities. The National Health Act (Act 61 of 2003) for the first time defined MHS as those elements of EHS that are stated in the description of the service above.

Lastly, the Municipal Systems Act (Act 32 of 2000) determines in accordance with sections 67 and 77 that a municipality must decide on the mechanism (internal or external) for rendering a municipal service, and to be able to decide, they must first do an assessment in accordance with section 78 of the mentioned Act. It is against these legislative imperatives that CDM took a decision to appoint a service provider to conduct a section 78 assessment of MHS. The outcome of this assessment and the subsequent Council decision will determine the future service delivery mechanism of MHS in Cacadu.

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**FUNCTION : COMMUNITY AND SOCIAL SERVICES**  
**SUB-FUNCTION: ALL INCLUSIVE**

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**Overview**

Includes activities associated with provision and upgrading of cemeteries, community halls, libraries and crèches, programmes for the empowerment of Youth, Women and the Disabled, programmes towards mitigation of the effect of HIV and Aids on communities, and heritage related matters.

**Description of Activity**

The implementation of Special Programmes for Youth, Women and the Disabled, HIV and Aids mitigation measures, co-ordination of the Community Development Workers (CDW) programme throughout the District, as well as preparation of business plans to access funds for and monitoring of purchase of library equipment, are administered in the Office of the Executive Mayor and Municipal Manager.

The function of provision and / or upgrading of community facilities within the Municipality is administered in the form of infrastructure projects and is performed by the Department : Infrastructure Services in response to specific requests from Local Municipalities or communities in the DMA.

The provision of cemeteries also includes administrative functions relating to acquisition, subdivision and rezoning of land, which functions are dealt with by the Department : Finance and Corporate Services, and all activities necessary to comply with any conditions attached to the land use approvals granted by other relevant bodies, e.g. landscaping, environmental management planning, layout planning, fencing, ablution facilities, etc, which are performed by the Department : Infrastructure Services.

**Strategic Objectives**

The strategic objectives of this function are:

- to ensure that communities are provided with facilities they need in terms of social upliftment and human dignity
- to improve the HIV and Aids status of the community

**Key Issues for 2009/20010**

- Installed “Connect with Cacadu” project in 10 more libraries within the District, providing access to internet and a range of educational software for use, free of charge, by communities
- Launched the new "Adult Assist" component of Connect with Cacadu, which provides information and guidance on career opportunities within and outside the District as well

- as ancillary advice and information to assist young adults to make choices about their future and prepare themselves for interviews, etc.
- Library funds distributed to local municipalities on receipt of substantiated claims for purchase of library furniture, books and equipment
  - Policies and strategic plans adopted for Youth Development and the Disabled
  - World Aids Day celebrated in Nieu Bethesda on 26 November 2009
  - International Day of Persons with Disabilities celebrated on 3 December 2009 in Rietbron

### **Analysis of function**

The post of Special Programmes Officer was vacant during the period under review.

One HIV and Aids Co-ordinator employed to implement HIV and Aids programmes in the District. The HIV and Aids Co-ordinator also assists with Womens programmes.

No specific personnel are allocated to the function of provision and/or upgrading of libraries and other community facilities within the municipality. Staff employed for other ongoing infrastructural and administrative functions are utilised for this purpose on an ad-hoc basis.

Total Cost of personnel :                      R267 100

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**FUNCTION: PUBLIC SAFETY**  
**SUB-FUNCTION: DISASTER MANAGEMENT**

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**Overview**

Includes planning, co-ordination and alignment of disaster management activities throughout the District.

**Strategic Objectives:**

- Mitigate disasters in the Cacadu District
- Support and Capacitate local municipalities within the District and Communities at Risk on Disaster Risk Management issues.

**Description of activity**

The main activity is to co-ordinate disaster management activities in the Cacadu District consistent with the provisions of the Disaster Management Framework and Disaster Management Act 57 of 2002. The framework covers the following KPAs and Enablers:

**KPA 1: Integrated Institutional Capacity for Disaster Risk Management**

Under this KPA the following were achieved during the 2009/10 Financial Year:

- CDM council has approved a cross boundary agreement with Amathole District Municipality, negotiations are continuing with other neighboring District Municipalities.
- The District Disaster Management Advisory Forum continues to meet on a quarterly basis, serving as a platform where stakeholders participate and provide technical advice on disaster risk management planning and operations. A Communication task team has been established from the Advisory forum.
- Upgrading of the Disaster Management Centre has been finalized.
- An alternative structure for disaster risk management (Management Structure) has been put in place.

**KPA 2: Disaster Risk Assessment**

- A Comprehensive Disaster Risk Assessment was undertaken and finalized during June 2009.



### **KPA 3: Disaster Risk Reduction**

- The following projects were undertaken under this KPA:
  - Cleaning of Fire Hydrants at Kou-kamma and Kouga Local Municipalities.
  - Contingency plans for all Local Municipalities Priority Risks were drafted
  - Institutional Fire Drills are undertaken on a quarterly basis.
  - Centre was involved in the reduction of Disaster Risk during the 2010 FIFA soccer world cup.

### **KPA 4: Disaster Response and Recovery**

- Draft Disaster Management Plans for 6 local Municipalities were developed .
- The state of a disaster for drought for Cacadu area was declared by Province.
- Various incidents have been reported at Sundays River Valley Municipality.

### **Enabler 1: Information Management and Communication**

The tender for the Information System has been awarded. The project is expected to commence during the 2010/11 Financial Year.

### **Enabler 2: Education, Training, Public Awareness and Research**

- An International Strategy for Disaster Reduction programme was held in Blue Crane Route Local Municipality. During this period the Clinic staff was trained in First Aid level 1 and basic fire fighting .
- 16 Schools were visited during the period, with focus on Saving of Water. Pamphlets were printed and distributed in this regard.

### **Enabler 3: Funding Arrangements for Disaster Risk Management**

- R3,530 000.00 from Department of Local Government and Traditional Affairs.
- CDM provided an additional amount of R5 681 000 for the Unit.

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**FUNCTION: PUBLIC SAFETY****SUB-FUNCTION: FIRE**

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**Overview**

Includes all activities relating to managing fire services serving the District as a whole.

**Description of activity**

The function of fire fighting within the municipality is administered within the Disaster Management Centre and includes:

- planning, co-ordination and regulation of fire services throughout the Cacadu District
- provision of specialised fire fighting services such as mountain, veld and chemical services
- co-ordinating of the standardisation of infrastructure, vehicles, equipment and procedures
- training of fire officers
- rendering of a direct fire fighting service in the Sundays River Valley Local Municipality.

**Strategic Objectives:**

- Assist local municipalities with the development of fire services plans for their areas
- Assist each local municipality with the implementation of its fire services plan by rendering support with:
  - establishment of satellite fire stations in identified areas
  - appointment of full time fire officers
  - recruitment of fire fighters, reservists and/or volunteers
  - acquisition of fire/rescue vehicles, equipment and tools
  - training of fire officers, fire fighters, reservists and volunteers
- Lobby for funding to assist local municipalities with implementation of their fire services plans
- Prepare business plans where necessary to secure funding
- Make general public aware of the dangers of fires

**The key issues for 2009/2010**

- Section 78 Assessment of Fire Service was undertaken and options on how to render the service were presented to Council in January.
- 25 Fire Officers within the District trained in Fire Fighter 1 and 2, Hazmat awareness and responder and First AID Level 3
- Improved fire service delivery at local municipalities by:
  - Purchasing of a heavy duty all terrain fire engine, with equipment for Ikwezi Municipality.
  - Purchasing of Hazmat Trailers with equipment for Blue Crane Route, Camdeboo and Kouga Municipalities.

- Purchasing of Hazmat equipment for Makana and Ndlambe local Municipalities.
- Cleaning of Fire Hydrants in Kou-kamma and Kouga.

Funding:

R1 925 000 from Department of Provincial and Local Government.

In addition, CDM has made an amount of R2 284 600.00 available for the unit.

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**FUNCTION : ENVIRONMENTAL PROTECTION**  
**SUB-FUNCTION : BIODIVERSITY AND LANDSCAPE**

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**Overview**

Includes activities related to the protection of flora and fauna species, the protection of habitats and the protection of landscapes for their aesthetic values.

**Description of the Activity**

The function of biodiversity and landscape is administered jointly by the Economic Development and the Infrastructure & Planning Department. At present the main activities are :

- ensuring participation by local municipalities in biodiversity capacity building programmes; and
- participating in meetings of planning forums such as the Greater Addo (SANParks) Planning forum, the Baviaanskloof Mega-Reserve Steering Committee, the Eastern Cape Biodiversity Implementing Committee, as well as the Coastal Management Steering Committee.

**Strategic Objectives**

To safeguard the District's biodiversity in terms of indigenous plants and animals and the processes that sustain them

**Analysis of Function**

No specific personnel are allocated to this function, which is dealt with by officials within the respective Departments.

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**FUNCTION: ROAD TRANSPORT**  
**SUB-FUNCTION: OTHER (TRANSPORT PLANNING)**

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### **Overview**

Includes all activities related to transport planning for the entire District in accordance with the National Land Transport Act, No. 5 of 2009 (NLTA).

### **Description of Activity**

The road transport function of the municipality is administered by the Department: Infrastructure Services & Planning and includes:

- Review of the Integrated Transport Plan through the provision of a five-year prioritized implementation programme for the improvement of the transportation system within the District.
- Identifying infrastructure and public transport needs in the District
- Lobby for funding for transport infrastructure
- Promote road safety in the District
- Construction of public transport facilities including sidewalks
- Formulate guidelines for transport planning purposes

The Strategic Objectives of this function are to:

- To promote mobility
- Promote non-motorized vehicle usage.
- Promote public transport usage.
- Improve existing public transport facilities.
- Improve CDM road conditions.
- To promote an integration between spatial planning and transportation planning to achieve sustainable human settlements
- To provide technical support to the Local Municipalities

### **Key issues for 2009/2010**

- Developed an Accident Database that can be used to monitor the occurrence of road accidents for planning and road safety purposes
- Devised a Road Prioritization Model for the prioritization of roads in the District
- In the process of reviewing the District's Integrated Transport Plan.
- Developed guidelines for the for the installation of traffic calming measures and the construction of sidewalks in the District

### **Analysis of Function**

Statistical information not applicable as function is limited to planning only.

Number of all personnel associated with the road transport function:

1 x Infrastructure Planner

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|                      |                                       |
|----------------------|---------------------------------------|
| <b>FUNCTION:</b>     | <b>OTHER</b>                          |
| <b>SUB-FUNCTION:</b> | <b>OTHER : PERFORMANCE MANAGEMENT</b> |

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### **Overview**

Includes all activities related to monitoring the organisational and individual performance of the Cacadu District Municipality and its officials.

### **Description of Activity**

The function of Performance Management within the Municipality is performed in the Office of the Municipal Manager, and includes monitoring the implementation of the Integrated Development Plan (IDP) through the SDBIP and the performance of all employees within the Cacadu District Municipality. The function also performs a supporting role to the Local Municipalities with regards to Performance Management.

Legislation states that key performance indicators and targets must be implemented to enable continual monitoring of the municipality and its administration. These indicators pin-point areas of focus for each financial year as developed through the process of public participation, and are listed in the IDP. Once approved, the IDP is married with the budget in a document called the SDBIP (Service delivery and budget implementation plan) which provides a workable management tool from which to operate under and monitor progress. The SDBIP is then used to develop a personalised performance plan system for each and every official, through the delegation of activities included in the SDBIP, and agreed upon individual performance plans. The SDBIP and performance plans of the Municipal Manager and Directors are published on the Municipal website.

Through quarterly monitoring, performance of each individual is tracked to ensure that progress remains in line with what was originally planned. The final result is included per functional area in the annual report.

### **Strategic Objectives**

To ensure implementation of the Municipality's Integrated Development Plan and continued improvement in the standard of performance of the Cacadu District as a whole through the following: -

- Increased certainty of job roles, accountability and transparency of both officials and the institution
- Increased communication across the institution
- Provision of a platform for learning and development
- Facilitation of decision making through the clarification of goals and priorities
- Provision of early warning signals highlighting underperformance so that timely interventions can steer performance back on track
- Continual assessment of the performance of the Municipality so as to address areas requiring improvement

- Investigation and assessment of outcome indicators to guide strategic direction
- Creation of a culture of performance at CDM amongst all officials including recognizing excellent performance and curtailing and correcting poor performance
- Capacitation of officials at Local Municipalities within the District, to enable the entire District to benefit from the above

#### Key Issues for 2009/2010

- Entrenchment of the CDM performance management system to all employees to ensure continual monitoring of performance through quarterly reviews
- Introduction of a web-based IDP/PMS Automated System in March 2009 and ongoing development of the system.
- Training of all CDM employees in the above system.
- Second final 08/09 performance reviews for the Municipal Manager and sec 57 Managers held with full review panels ito the regulation, 2006.
- Continued refinement of the performance management system to ensure compliance with legislation.
- Regular quarterly reporting to Council on individual performance through reviews per department and institutional performance through the SDBIP.
- Workshop held on the Development of Key Performance Indicators through University of Stellenbosch from 11 – 12 March 2010 at CDM.
- Continual support to LM's: Makana, Koukamma, Sunday's River Valley and Ndlambe supported.
- Visits by Nelson Mandela Metro, Joe Gqabi and Amathole District Municipalities to learn and share best practices from CDM ito Performance Management.

#### Analysis of Function

One Senior Performance Management Systems Officer is employed to ensure the achievement of the above objectives at a total cost of R485 655 pa.



## **ANNEXURES**

1. Performance Report 2009/2010 (Page 155 - 180)
2. Auditor General's report on Annual Financial Statements and Performance (Page 181-185)
3. Management response to the findings of the AG report (Page 186-188)
4. Audit Committee report (Page 189- 192)
5. Approved Municipal Structure (Page 193)
6. Council resolutions adopting the annual report (to follow)